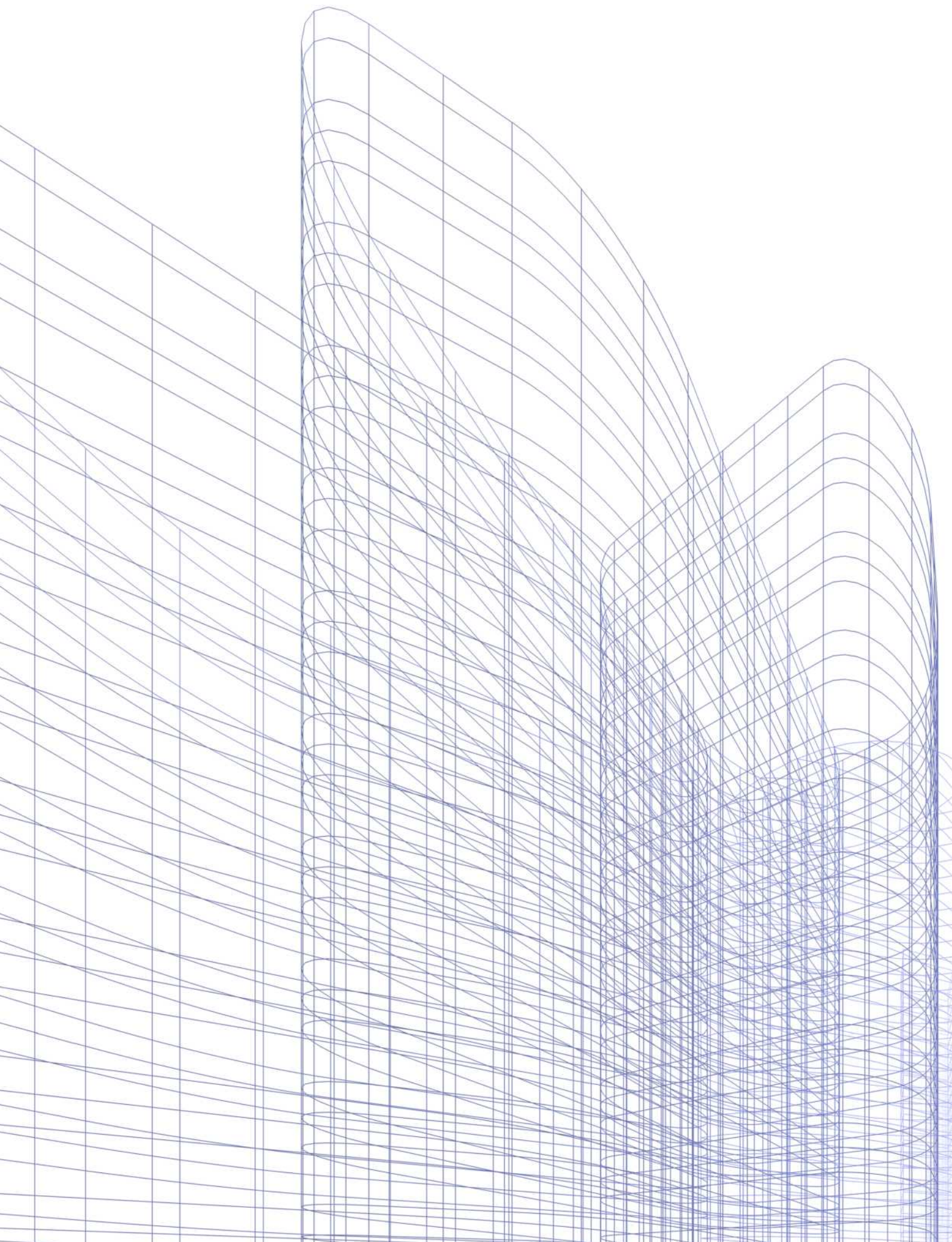




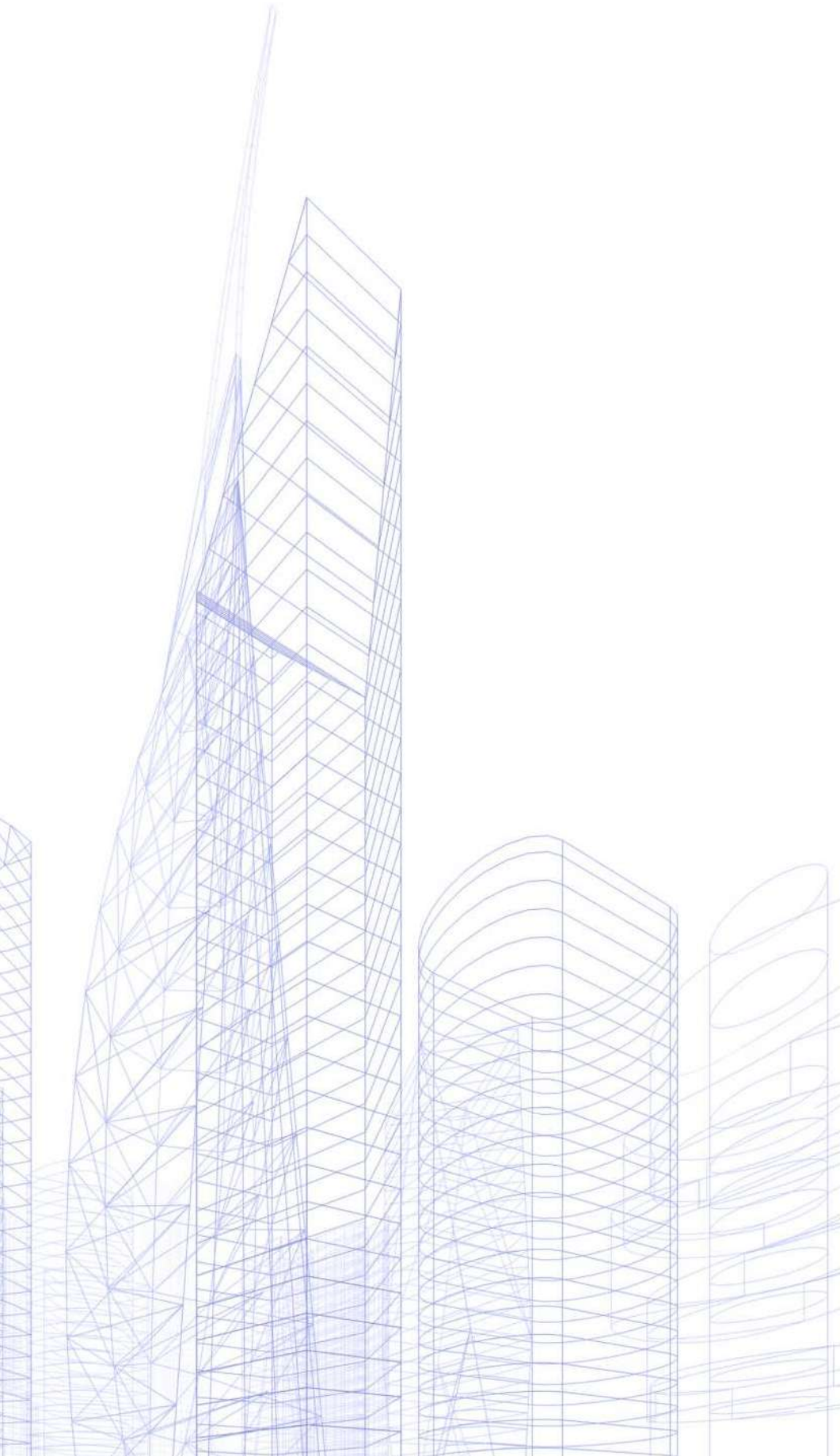
**TOWARDS
RESILIENT
GROWTH**

Annual Report 2020



TOWARDS RESILIENT GROWTH

As a forward thinking Bank, we initiate strategies and policies to mitigate threats and other complexities of business in order to ensure seamless operations and position the Bank on a sustainable growth trajectory.






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Corporate Information

Head Office

Fidelity Place, 2 Kofo Abayomi Street

Victoria Island, Lagos, Nigeria

Tel + 234-1-4485252, 2700530 – 3

E-mail: info@fidelitybank.ng

www.fidelitybank.ng

f facebook.com/fidelitybankplc

t twitter.com/fidelitybankplc

@ instagram.com/fidelitybankplc

in [fidelity bank plc](https://www.linkedin.com/company/fidelity-bank-plc)

Auditors

Ernst & Young

10th Floor, UBA House, 57, Marina, Lagos

Correspondent Banks Include:

ABSA Bank, Johannesburg, South Africa

Africa Export Import Bank Cairo, Egypt

Citibank N.A., London & New York

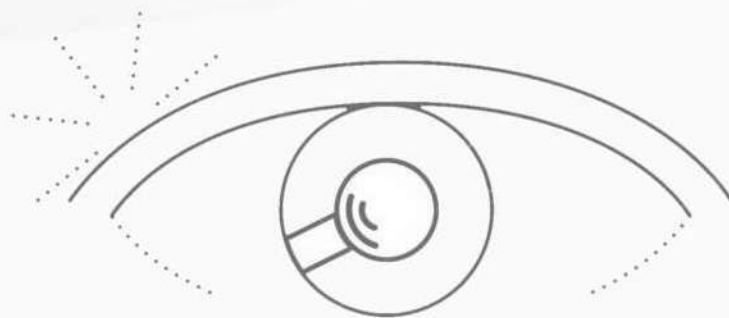
Deutsche Bank

FBN Bank UK

Standard Chartered Bank UK

Vision

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



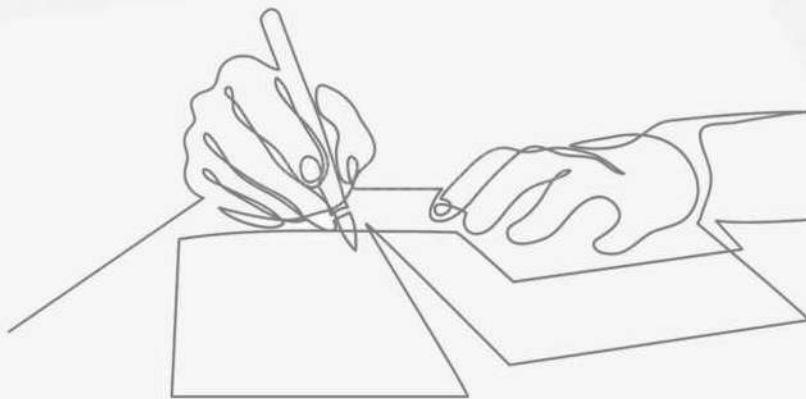
About us

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

The Bank has a wide reach across all channels of distribution including 250 business offices and a robust digital banking platform. Focused on select niche Corporate Banking business segments as well as Micro, Small and Medium Enterprises (MSMEs), Fidelity Bank is rapidly implementing a digital based Retail Banking Strategy which has resulted in increased customer base and double-digit growth in Savings Deposits for 8 consecutive years. 52.8% of the Bank's customers are enrolled on the Bank's mobile/internet banking platform, whilst 88.4% of total customer transactions are now done on its electronic banking channels.

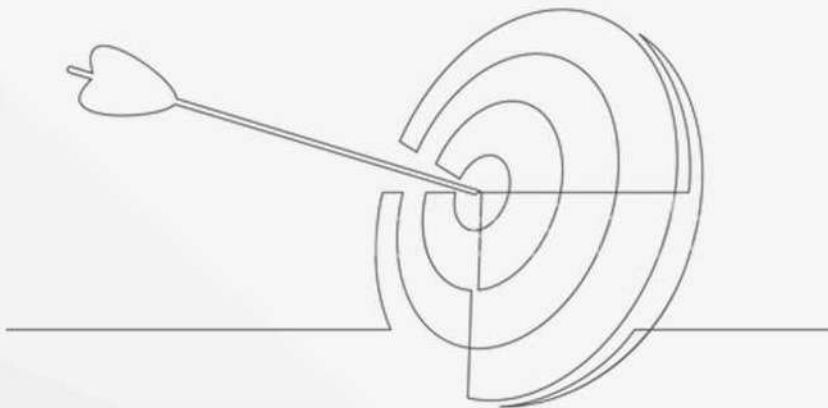
Fidelity Bank is reputed for integrity and professionalism. It is also respected for the quality and stability of its Executive Management team that is focused on building and maintaining a virile and widely accepted brand to cater to the needs of its growing clientele.

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



Mission

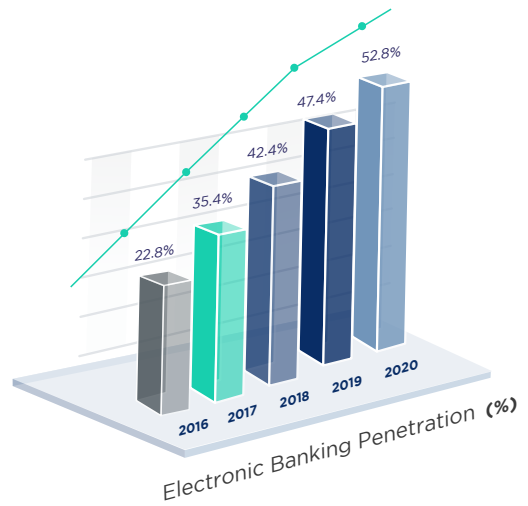
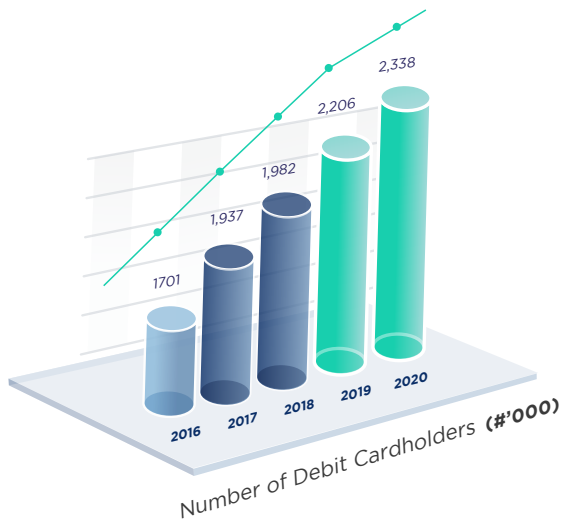
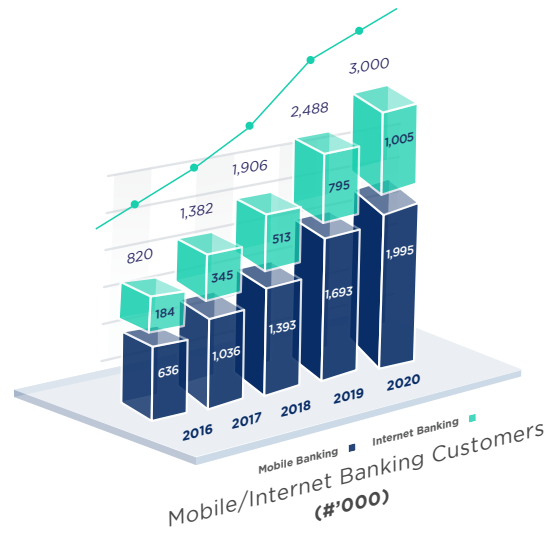
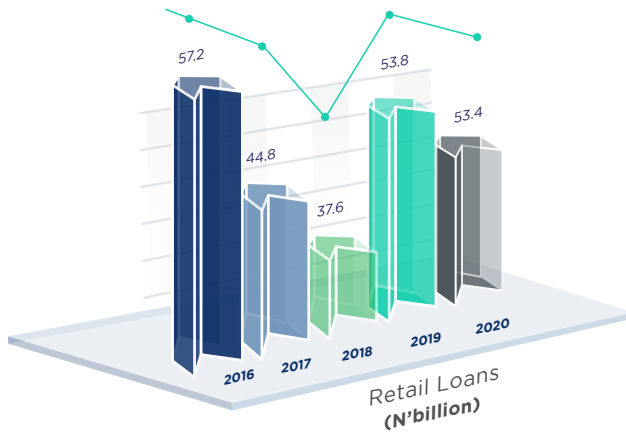
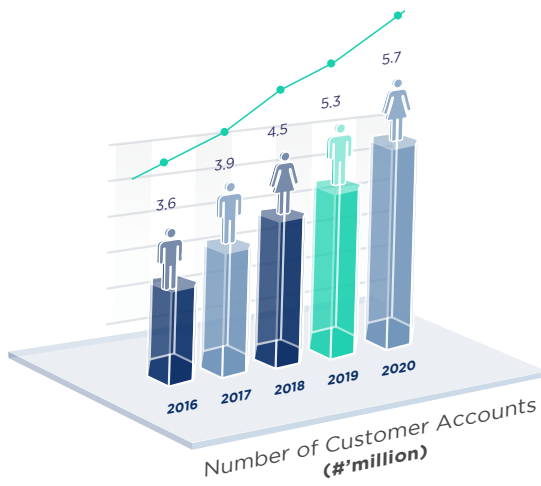
To make financial services easy and accessible to our customers.



Performance Highlights



Retail & Digital Banking Evolution



Notice of 33rd Annual General Meeting

Notice is Hereby Given that the 33rd Annual General Meeting of members of Fidelity Bank Plc will hold at the Africa-Asia Meeting Room, Eko Hotel & Suites, Plot 1415 Adetokunbo Ademola Street, Victoria Island, Lagos at 10:00 a.m. on Friday, April 30, 2021 to transact the following business:

Ordinary Business

1. To lay before the members, the Audited Financial Statements for the year ended December 31, 2020, the Reports of the Directors, External Auditors and Audit Committee thereon.
2. To declare a Dividend.
3. To elect the following Directors who were appointed since the last Annual General Meeting:
 - (i) **Mr. Mustafa Chike-Obi**, Non-Executive Director/Chairman.
 - (ii) **Engr. Henry Obih**, Independent Non-Executive Director.
 - (iii) **Mrs. Amaka Onwughalu**, Non-Executive Director.
 - (iv) **Mr. Nelson Nweke**, Non-Executive Director.
 - (v) **Mr. Chinedu Okeke**, Non-Executive Director.
 - (vi) **Mr. Kevin Ugwuoke**, Executive Director.
 - (vii) **Dr. Kenneth Opara**, Executive Director.
4. To re-elect the following Directors retiring by rotation:
 - (i) **Pst. Kings Akuma**, Non-Executive Director.
 - (ii) **Mr. Chidi Agbapu**, Non-Executive Director.
5. To approve the appointment of Messrs. Deloitte & Touche as the Bank's External Auditors in place of the retiring External Auditor (Ernst & Young).
6. To authorize the Directors to fix the remuneration of the External Auditors for 2021.
7. To disclose the remuneration of the managers of the Company.
8. To elect Members of the Statutory Audit Committee.

Special Business

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

"That Non-Executive Directors' remuneration for the financial year ending December 31, 2021 and succeeding years until reviewed by the Company in Annual General Meeting, be and is hereby fixed at N20,000,000.00 for each Non-Executive Director and N27,500,000.00 for the Chairman of the Board of Directors".

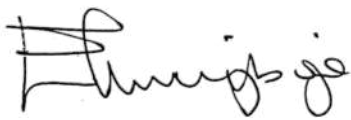
Proxy

A member entitled to attend and vote at the Annual General Meeting (AGM) may appoint a Proxy to attend and vote in his/her/its stead. A Proxy need not be a member of the Company. A blank proxy form is attached to the Annual Report and can be downloaded from the Bank's website at www.fidelitybank.ng

To be valid, the completed and duly stamped proxy form should be emailed to **info@firstregistrarsnigeria.com** or deposited at the office of the Registrar, First Registrars & Investor Services Limited, Plot 2, Abebe Village Road, Iganmu, Lagos, not later than 48 hours before the time fixed for the meeting.

Dated the 7th day of April, 2021

By Order Of The Board



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



Notes

(A) Compliance with Covid-19 Related Guidelines

Fidelity Bank Plc, as a responsible corporate citizen, is aware of the unique challenges posed by the COVID-19 Pandemic and mindful of the need for all to take action to check the spread of the virus. To this end, the Bank activated its internal COVID-19 Response Plan in March 2020 and continues to implement the safety measures recommended by the Government and health authorities.

Additional information on the Bank's COVID-19 response plan can be obtained from the Directors Report in the Annual Report. Similar measures will be deployed to ensure the wellbeing of persons attending the AGM, including use of sanitisers, face masks and social distancing.

(B) Attendance By Proxy

To ensure the safe conduct of the AGM, the meeting will be convened and conducted in compliance with guidelines issued by the Government, the Corporate Affairs Commission (CAC) and health authorities to curb the spread of COVID-19, particularly extant regulations on limitations on public gatherings and the holding of Annual General Meetings by proxy.

Premised on the foregoing, Shareholders are hereby notified that attendance at the AGM shall only be by proxy and shall be limited to the maximum of 50 persons permitted under the Corona Virus (COVID-19) Health Protection Regulations of 2021.

The Company has made adequate arrangements to bear the cost of stamp duties on all instruments of proxy that are submitted to the Registrars within the stipulated time. In line with the CAC's Guidelines on holding AGMs by proxy, Shareholders are required to appoint a proxy of their choice from the proposed proxies below:



Notice Of Annual General Meeting

Sn	Name Of Proxy	Designation
1	Mr. Mustafa Chike-Obi	Chairman
2	Mrs. Nneka C. Onyeali-Ikpe	Managing Director/Chief Executive Officer
3	Alhaji Isa Mohammed Inuwa	Independent Non-Executive Director
4	Sir Sunny Nwosu	Shareholder
5	Chief Timothy Adesiyan	Shareholder
6	Mrs. Bisi Bakare	Shareholder
7	Mr. Alex Adio	Shareholder
8	Mr. Nornah Awoh	Shareholder
9	Mr. Gbenga Idowu	Shareholder
10	Mr. Boniface Okezie	Shareholder
11	Mrs. Adetutu Siyonbola	Shareholder
12	Dr. Umar Faruk	Shareholder

(C) Dividend

If the proposed dividend of 22 Kobo per Ordinary Share is approved, dividend will be paid (net of withholding tax at the applicable tax rate) on April 30, 2021 to all Shareholders whose names appear in the Register of Members at the close of business on April 16, 2021. Shareholders who have completed the e-Dividend mandate will receive direct credit of the dividend to their bank accounts on April 30, 2021.

(D) Closure of Register of Members

The Register of Members and Transfer Books of the Company will be closed from **April 19 - 23, 2021** (both days inclusive) to enable the Registrar prepare for dividend payment.

(E) Statutory Audit Committee

As stipulated in Section 404(6) of the Companies and Allied Matters Act, 2020, 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.

Section 404 (5) of the Companies and Allied Matters Act 2020 provides that all the members of the Audit Committee shall be financially literate and at least one (1) member shall be a member of a professional accounting body in Nigeria established by an Act of the National Assembly. The Code of Corporate Governance issued by the Financial Reporting Council of Nigeria also provides that members of the Audit Committee should be financially literate and able to read and interpret financial statements. Consequently, a detailed curriculum vitae affirming the nominee's qualifications should be submitted with each nomination.

(F) Unclaimed Dividend Warrants and Share Certificates

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

(G) E-Dividend

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

Detachable application forms for e-dividend mandate, change of address and unclaimed certificates are attached to the Annual Report for the convenience of all shareholders. The forms can also be downloaded from the Company's website at www.fidelitybank.ng or from the Registrar's website at www.firstregistrarsnigeria.com.

The completed forms should be returned to First Registrars & Investor Services Limited, Plot 2, Abebe Village Road, Iganmu, Lagos, or to the nearest Fidelity Bank Plc Branch.

(H) Election and Re-Election of Directors:**(i). Election of Directors:**

- (a). **Mr. Mustafa Chike-Obi** was appointed as a Non-Executive Director and Chairman of the Board of Directors on June 15, 2020 and approved by the Central Bank of Nigeria on July 2, 2020 to take effect from August 15, 2020. He will be presented for election at the 33rd Annual General Meeting.
- (b). **Mr. Kevin Ugwuoke** was appointed as an Executive Director on June 29, 2020 and approved by the Central Bank of Nigeria on July 28, 2020. He will be presented for election at the 33rd Annual General Meeting.
- (c). **Engr. Henry Obih** was appointed as an Independent Non-Executive Director on June 29, 2020 and approved by the Central Bank of Nigeria on September 21, 2020. He will be presented for election at the 33rd Annual General Meeting.
- (d). **Mrs. Amaka Onwughalu** was appointed as a Non-Executive Director on October 30, 2020 and approved by the Central Bank of Nigeria on December 15, 2020. She will be presented for election at the 33rd Annual General Meeting.
- (e). **Mr. Nelson Nweke** was appointed as a Non-Executive Director on November 20, 2020 and approved by the Central Bank of Nigeria on December 15, 2020. He will be presented for election at the 33rd Annual General Meeting.
- (f). **Dr. Kenneth Opara** was appointed as an Executive Director on June 29, 2020 and approved by the Central Bank of Nigeria effective January 1, 2021. He will be presented for election at the 33rd Annual General Meeting.
- (g). **Mr. Chinedu Okeke** was appointed as a Non-Executive Director on December 16, 2020 and approved by the Central Bank of Nigeria on January 4, 2021. He will be presented for election at the 33rd 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 Non-Executive Directors to retire by rotation at the 33rd Annual General Meeting are **Pst. Kings Akuma** and **Mr. Chidi Agbapu**. The retiring Directors, being eligible, have offered themselves for re-election.

The profile of all the Directors including the Directors for election/re-election is in the Annual Report and on the Company's website www.fidelitybank.ng

Notice Of Annual General Meeting

(I) Right of Securities Holders to Ask Questions

Securities holders have the right to ask questions at the Annual General Meeting and may also submit written questions to the Company prior to the meeting. Such questions should be sent by electronic mail to **info.investor@fidelitybank.ng** or addressed to the Company Secretary and delivered to The Company Secretariat, Fidelity Bank Plc, Block B, No. 2 Kofo Abayomi Street, Victoria Island, Lagos on or before Friday, April 16, 2021.

(J) Live streaming of the Annual General Meeting:

The 33rd Annual General Meeting will be streamed live online on the Bank's website and social media platforms, to enable Shareholders and Stakeholders who will not be attending the meeting physically, to follow the event and be part of the proceedings. The link for the live streaming will be made available on the Company and the Registrar's websites.

(K) E-Annual Report

The electronic version of this notice as well as the annual report (e-annual report) for 2020 financial year can be downloaded from the Company's website **www.fidelitybank.ng**. The e-annual report will be emailed to all Shareholders who have provided their email addresses to the Registrars. Shareholders who wish to receive the e-annual report are kindly requested to send an email to **info.investor@fidelitybank.ng** or **info@firstregistrarsnigeria.com**.

(L) Website

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

An abstract graphic composed of a dense grid of thin, light blue lines. The grid is not perfectly rectangular, with some lines curving and bending, creating a sense of depth and movement. The lines are most concentrated in the lower half of the page, where they form a complex, almost tunnel-like structure that recedes into the background. The overall effect is a modern, architectural feel.

**CHAIRMAN'S
STATEMENT**



Mustafa Chike-Obi
Chairman, *Fidelity Bank Plc*

Chairman's Statement

Brief overview of the financial year

Fellow shareholders, I am delighted to welcome you to the 33rd Annual General Meeting of our great institution.

Our journey in the last twelve months was delicate but exciting as we pursued our growth strategy despite the disruptions caused by the COVID-19 Pandemic.

The pandemic tested the endurance of our people, the efficacy of our processes and the reliability of our business continuity framework. Nevertheless, we restructured our operations to cope with the challenges of the new normal. We also set up structures to minimize the risk of infection to our staff and customers.

The major highlight of our year was the seamless transition to a new management team.

Our financial performance was driven by the disciplined execution of our strategic objectives. Operating profit before impairment increased by 50.9% from N29.8bn in 2019FY to N44.9bn in 2020FY. Total deposits increased by 38.7% from N1.2tr to N1.7tr while Risk Assets grew by 17.7% from N1.1tr to N1.3tr. The bank closed the period with a PBT of N28.1bn, a drop of 7.6% when compared to the closing figure in the preceding year.

We took a conservative stance in our provisioning in recognition of the impact of the global pandemic. We proactively increased provisions on risk assets to N16.9bn from a write-back of N0.6bn in 2019FY.

Domestic Economic Review

2020 was a year of mixed fortunes for the domestic economy. Although the perennial problems of exchange rate instability, insecurity and galloping inflation continued to hinder economic growth, the recession triggered by the coronavirus pandemic only lasted for two quarters.

The COVID-19 pandemic was discovered in November 2019 during an outbreak of respiratory ailments in Wuhan, China. By December 2020, the virus had infected 84 million people (world-wide) and caused over

1.8 million deaths.

To curb the spread of the virus, Governments in various jurisdictions imposed stringent measures including border closures, movement restrictions and enforcement of social distancing protocols. These actions limited domestic output and caused stagnation in many economic sectors.

To lessen the impact of the lockdown on the domestic economy, the Nigerian Government implemented the following policy initiatives:

1. Reduction of budget benchmarks and expenditure numbers through the adoption of cost-reflective pricing on Government-controlled commodities (petrol and electricity) to reduce or eliminate subsidies; and
2. Introduction of the Economic Sustainability Plan (ESP) in Q2 2020.

The objectives of the ESP are to:

1. Stimulate the economy by preventing business collapse;
2. Retain or create jobs using labour intensive methods in key areas like agriculture, facility maintenance, construction and direct labour interventions;
3. Undertake growth enhancing and job creating infrastructural investments in roads, bridges, solar power, and communication technology;
4. Promote manufacturing and local production at all levels and advocate the use of Made in Nigeria goods and services, as a way of creating job opportunities, achieving self-sufficiency in critical sectors of the economy and curbing unnecessary demand for foreign exchange which could put additional pressure on the exchange rate.
5. Extend protection to the indigent and other vulnerable groups – including women and persons living with disabilities - through pro-people spending.

Despite the novel ideals of the ESP, the initiative was funded through increased Government borrowing. Public debt rose by

20% year on year to close at N32.9tn in the review period.

The monetary authorities complemented the fiscal initiatives by taking the following actions to improve output growth:

1. Deposit Money Banks are now required to maintain a minimum Loans to Deposit Ratio (LDR) of 65%. Compliance is closely monitored by the Central Bank and erring institutions are sanctioned.
2. Reduction of the monetary policy rate (from 13.50% at the start of the year to 12.50% in May and then 11.50% in September) to increase funding to the real sector.
3. Implementation of a loan repayment forbearance program, which entails the granting of moratorium on principal and interest repayment on all forms of on-lending facilities funded by the CBN.
4. Reduction of interest rate on all on-lending facilities financed by the CBN.

The reduction in benchmark interest rates caused a re-alignment in the inter-bank markets with 90 days NIBOR (Nigerian Interbank Offered Rate) and NITTY (Nigerian interbank Treasury Bills True Yield) dropping to 0.61% and 0.24% respectively in December 2020 (from 9.46% and 3.34% in January 2020).

Headline inflation rate increased to 15.75% in December 2020 (from 12.13% in January). In the same period, the composite food index rate rose to 19.6% from 14.9% due to the following factors:

1. Negative effects of climate change and security challenges on crop production, storage and distribution logistics.
2. Systemic foreign exchange availability challenges exerted cost push pressures on core inflation.

The country recorded a negative GDP (Gross Domestic Product) growth of 6.10% in Q2 -2020 and officially went into a recession when the GDP contracted by a further 3.62% in Q3-2020.

However, the Central Bank's expansionary policies yielded good dividend as the Economy exited the recession in Q4-2020 after a positive GDP growth of 0.11%. The volatility in the commodities market was mirrored in the financial markets as portfolio investors moved their funds to safe havens. Consequently, capital importation into the country during the year dropped from \$5.9bn in Q1, to \$1.3bn and \$1.5bn in Q2 and Q3 respectively.

The reduction in capital importation and the drop in crude oil sales revenue negatively affected accretion into the external reserves. The balance in the reserves reduced from \$38.5bn in January 2020 to \$33.4bn in April but closed at \$35.4bn in December as the economy recovered.

Outlook for 2021

Despite the current headwinds, the prognosis for the Nigerian economy in 2021 is positive. The business environment will be more viable. The spread of the pandemic is expected to reduce as the vaccines are administered on more people.

There would be increased demand for energy as the world economy starts to recover. Crude oil prices will be closer to the \$70pb mark if the current production cuts are sustained.

The MPC (Monetary Policy Committee) will continue to drive expansionary policies to stimulate growth but the Government will also pay close attention to inflation.

The CBN will continue to fund critical sectors of the economy through the on-lending arrangement with Deposit Money Banks.

Current growth levels will be sustained. The 3.0% growth target in the 2021 budget looks achievable.

Changes on the Board

The table below contains a lists of Directors that retired from the Board after the last Annual General Meeting (AGM) which held on the 30th of April 2020. The Board would like to thank the former Directors for their meritorious service to the Bank.

Name	Designation/Board Changes
Mr. Ernest Ebi	Chairman <i>Retired on August 14, 2020.</i>
Otunba Seni Adetu	Independent Non-Executive Director <i>Retired on June 30, 2020.</i>
Chief Charles Umolu	Non-Executive Director <i>Retired on December 16, 2020.</i>
Mr. Michael Okeke	Non-Executive Director <i>Retired on December 18, 2020.</i>
Mr. Alex Ojukwu	Non-Executive Director <i>Retired on December 31, 2020.</i>
Mrs. Aku Odinkemelu	Executive Director <i>Retired on December 31, 2020.</i>

In addition, Mr. Nnamdi Okonkwo, former Managing Director/Chief Executive Officer (MD/CEO) of the Bank retired from the Board on December 31, 2020, on completion of his term of office. The Board wishes to thank Mr. Nnamdi Okonkwo for his significant contributions to the growth and development of the Bank.

In compliance with the Succession Policy of the Bank, the Board approved the appointment of Mrs. Nneka Onyeali-Ikpe (former Executive Director, Lagos and South West), as the MD/CEO of the Bank and she assumed duties on January 1, 2021.

The Board also appointed the following Directors to the Board in the course of the year:

Name	Designation/Board Changes
Mr. Mustafa Chike-Obi	Chairman <i>Appointed on Aug 15, 2020.</i>
Mr Kevin Ugwuoke	Executive Director <i>Appointed on 28-Jul-20.</i>
Mr Henry Obih	Independent Non-Executive Director <i>Appointed on 21-Sep-20.</i>
Mrs. Amaka Onwughalu	Non-Executive Director <i>Appointed on 15-Dec-20.</i>
Mr. Nelson Nweke	Non-Executive Director <i>Appointed on 15-Dec-20.</i>
Dr. Kenneth Opara	Executive Director <i>Appointed on 1-Jan-21.</i>
Mr. Chinedu Okeke	Non-Executive Director <i>Appointed on 4-Jan-21.</i>

The new Directors bring to the Board multidimensional experience garnered from the public and private sector across disciplines and jurisdictions as detailed in their profiles in the Annual Report. Their appointments have been approved by the Central Bank and they will be presented for election by Shareholders at the 33rd Annual General Meeting

Looking forward

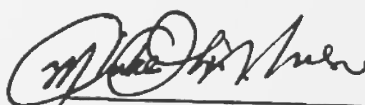
In the coming months, we will seek to innovate and disrupt using Technology as a leveler. Our Digital Lab will serve as the launch pad for the innovative products that we are bringing into the market.

Improving our customer experience in terms of value proposition remains a top priority. We will build partnerships across the wider ecosystem for the ultimate benefit of those that use our services.

Our staff are our greatest assets. It gives me great pride that we were able to fill all the executive vacancies of the past few years with internal resources. We will continue to lay great emphasis on workforce transformation and performance discipline in order to attract and retain the best talents.

Given the current macro environment, the risk management function remains critical to the survival of the organization. We will continue to strengthen our enterprise risk management capabilities to ensure the sustainability of our business, while modeling our governance practices to align with international best practice.

On behalf of the Board and Management, I thank you all for your unwavering support and patronage and assure that we will persist in striving to exceed your expectations.



Mustafa Chike-Obi
Chairman, Fidelity Bank Plc.

Accepted Wherever You Go

Whether you're traveling, out on a date or buying groceries, there's a Fidelity card for you.

Visit any Fidelity Bank branch to get yours today
Available in MasterCard, Verve and Visa.

We Are Fidelity, We Keep Our Word.



Contact Us: +234 (1) 448-5252
true.serve@fidelitybank.ng



Fidelity Bank Plc
RC 103022

FOLLOW US:     

www.fidelitybank.ng

An abstract graphic of a building facade composed of a dense grid of thin, light blue lines. The lines are arranged in a way that creates a sense of depth and perspective, with the grid receding into the distance. The lines are slightly curved, giving the impression of a modern, curved architectural structure. The overall effect is a complex, geometric pattern that fills the background of the page.

**CEO'S
STATEMENT**



Nneka Onyeali-Ikpe

Managing Director/Chief Executive Officer

CEO's Statement

Distinguished Shareholders and members of the Board.

It gives me great pleasure to welcome you to this year's Annual General Meeting and to present to you the highlights of the performance of your bank in 2020 financial year as well as the major events that shaped its business operations. Being my first Annual General Meeting as the Managing Director and Chief Executive Officer, I would start by thanking you for the confidence you have placed on the new management team of this great institution. My team is committed to the long-term aspirations of your bank and we promise to work in unison with other members of the Board to deliver superior returns on your investments.

The financial performance of your bank showed strong resilience to the adversities the global economy witnessed in 2020. The twin shocks of the global pandemic and the collapse of the oil prices caused unprecedented challenges to businesses especially in our operating environment and in deed, the world. As we have never seen before, oil prices dropped to a negative \$15 per barrel in April 2020, plugging most natural resource-rich economies into a recession. However, some measures adopted by countries to dampen the spread of Covid-19 Virus and rejuvenate their economies were very effective. For instance, the Central Bank of Nigeria (CBN) approved several regulatory forbearances targeted at core businesses and pivotal sectors in the economy. In addition, the review of policy rates and the expansion of intervention funds helped the Nigerian economy to exit recession in Q4 2020 as the real Gross Domestic Products (GDP) increased by 0.11 percent.

Nonetheless, some of the measures had a pass-through negative effect on business activities especially the total lockdown across states in Nigeria. Amid the challenges, our bank reported a 50.9 percent growth in core operating profit to N44.9 billion. The share price rallied 22.9 percent outperforming the Nigerian Stock Exchange (NSE) Banking

Index, which only gained 10.1 percent. Investor's interest in your bank also reflected on the total volume of trades executed in 2020 which spiked by 31.6 percent compared to 2019 financial year, notwithstanding the challenges posed by the global scourge.

Navigating through the pandemic

In the wake of the pandemic, we carefully designed and deployed a well-informed response to navigate through the troubled times and position our business operations for success in the post Covid-19 economy. Our response was not only for the success of our business franchise, it included the safety of our customers and other partners that rely on our professional services. This included the activation of certain aspects of our business continuity, and liquidity contingency funding plans to ensure we remained focused on our growth plans.

Two major advisory committees were inaugurated to dimension the impacts of the pandemic on different aspects of our business operations as well as provide an informed guide regarding our responses to credit quality, liquidity, and emerging opportunities etc. The committees are:

- **Covid-19 Advisory Committee:** This committee spearheaded the Business Continuity process of the Bank in relation to the pandemic and provided guidance to staff on their personal/family safety and on how we interact with our customers in the normal course of our business. It developed and ensured business continuity in the event the COVID 19 situation escalates in the country. The committee also ensures the bank complies with laid down protocols against the spread of the pandemic.
- **The Business Strategy Committee.** This Committee is responsible for the development and maintenance of the business continuity plan of your bank, working closely with critical business units to understand their processes, identify continuity risks, and provide

solutions to help manage and minimize those risks. It also monitors the financial impact of COVID-19 on economic sectors and advises the bank on the most vulnerable sectors to the pandemic as well as propose strategies to mitigate against identified areas of weaknesses.

The recommendations from the committees ensured the pandemic had minimal impact on the business continuity and the financial performance of your bank in the 2020 financial year (FY). For instance, Capital Adequacy Ratio still stood well above the regulatory minimum at 18.2 percent compared to 18.3 percent in 2019FY while the Liquidity Ratio improved significantly from 35.0 percent in 2019FY to 37.8 percent in 2020FY.

However, profit before tax (PBT) dropped by 7.6 percent to N28.1 billion largely due to increased loan loss provision in line with our conservative stance on the economy. Social distancing procedures were adopted at our branches whilst more than 50 percent of our employees worked remotely, seamlessly riding on the back of the technology infrastructure refresh and the services migrated to the cloud prior to the global scourge. We were clearly ahead of our time because most of the technology and security infrastructures we relied on during the pandemic were either in use or the refresh was being concluded before the outbreak, allowing for speedy service deployment.

The merits of the committees were not only felt in the bank. Our service providers and partners were compelled to comply with the laid down protocols against the spread of the pandemic as mandated by the Nigeria Centre for Disease Control (NCDC). These committees are still advising the Board and Management on a consistent basis with the aim of remaining stable through the crisis and going into the post Covid-19 business environment well informed and armed.

Supporting the real sector and infrastructure growth

Following the repayment of our N30 billion Tier II Bonds in November 2020, we

successfully priced 10-year N41.2 billion local corporate bonds at 8.5 percent coupon rate with maturity date in early January 2031. The bond is unsecured and subordinated, which qualified as Tier II Capital in line with the Central Bank of Nigeria (CBN) Guidance Notes on Regulatory Capital for commercial banks in Nigeria.

The transaction is a landmark achievement in the Nigerian domestic debt market as the largest corporate bonds ever issued by any Nigerian Bank including the deposit money banks and merchant banks etc. It also validates the continued investor confidence in our long-term aspirations, strong corporate governance, and sound executive management team with a robust history of superior financial performance. This explains the strong investors' interest in the transaction across Pension Funds Administration (PFAs), High Networth Individuals (HNIs), Insurance Companies and other players in the financial services industry.

The proceeds from the bond transaction will be utilized to support the bank's expansion in the Small and Medium Scale Enterprises (SMEs) and Retail Banking space as well as investments in technology infrastructure.

Our resolve to support the real sectors of the economy received a boost with the appointment of your bank by Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) as a disbursing bank in the 2020 edition of Condition Grants Scheme (CDS) for Small and Medium Scale Enterprises (SMEs). It is interesting to note that this is the third appointment in three years running. In addition, we were appointed a member of the National Steering Committee of the National Business Development Service Providers (BDSPs) Certification and Accreditation Framework in Nigeria; the only Deposit Money Bank in Nigeria considered worthy of the position.

In addition, we sustained our support for the infrastructure development in Nigeria by participating in key projects targeted at boosting economic growth and

government revenues. One of the landmark deals is providing transaction banking and financing to the EPC Contractor of the Lot 1 of 614km Ajaokuta – Kaduna – Kano (AKK) pipeline, developed by the Nigerian National Petroleum Corporation (NNPC) to transport natural gas from Southern Nigeria to the North Western Region through the North Central Region. The \$2.4 billion pipeline is a build-own-operate-transfer (BOOT) project under a public-private partnership (PPP) and represents the first phase of the 1,300km Trans-Nigerian Gas Pipeline (TNGP) project as part of Nigeria’s Gas Master Plan.

Sustaining our business growth in the export business

Our outlook at the beginning of the year 2020 was to leverage the structures that we had built to expand our market footprints in the export and agriculture space. During the year, we expanded our credit offerings to businesses playing in the export and agriculture business space and granted forbearances to businesses affected by the COVID-19 Pandemic.

Through our funding interventions, we helped to expand production capacities in the Rice, Poultry and Oil Palm spaces. The more instructive part of this is that we facilitated the movement of some of these business entities up the production value-chain through the financing of forward integrated business components. A standout case being the financing of transition from production of live chickens to frozen chicken processing and plans for further transitions up the chain to high value products like chicken nuggets and sausages.

On the non-oil export business side, even with the restrictions in movement occasioned by the lockdown, we grew our export transaction volume by over 50 percent. We facilitated the exportation of over 35,000 metric tonnes of cocoa beans, and expanded our customer footprints in cashew, sesame and ginger exports. This was partly anchored on the N25.0 billion new credits to indigenous businesses operating in the non-oil export and agriculture sub-

sectors. Hence, contributing significantly to narrowing the food security gaps and enhancing foreign exchange earnings.

Beyond financing, we have leveraged our thought leadership position in the agribusiness and non-oil exports space to help businesses bridge capacity gaps. Our free advisory and capacity development offerings have helped our customers position better in the marketplace.

On the topical issue of sustainability, we have modelled effective social and environmental sustainability frameworks into our agribusiness deal structuring workflow to address social and environmental sustainability requirements, in compliance with the CBN’s Sustainable Banking Principle and Sector Guideline, IFC Performance Standards and Equator Principles.

Our financial performance in 2020

Our financial performance for the period reflected the resilience of our business model in a very challenging operating environment as we worked closely with our customers to gradually recover from the economic impact of the Pandemic and the attendant effect of the lockdown. We witnessed an increase in business activities after the easing of the lockdown and we disbursed over N53 billion loans through intervention funds to adequately position our customers after the lockdown.

Gross earnings dropped by 5.4 percent to N206.2 billion due to a decline in interest & similar income caused by lower yields in the market as well as a drop in fee income. The decline in net fee income was largely caused by the downward review of transaction charges by the Central Bank of Nigeria (CBN).

Our digital banking services gained further traction as we now have 52.8 percent of our customers enrolled on the mobile/ internet banking products from 47.4 percent in 2019FY and 88.4 percent of customer-induced transactions are done on digital platforms. Digital banking income decreased by 18.8 percent due to the revised bankers’

CEO's Statement

tariff but it increased by 19.6 percent QoQ on account of the improved adoption by customers and new services migrated to our digital channels.

Net Interest Margin improved to 6.3 percent from 6.2 percent in 2019FY, largely due to 270bps drop in average funding cost to 3.6 percent from 6.3 percent in 2019FY. This resulted in a 28.6 percent drop in total interest expenses to N72.6 billion and 25.4 percent increase in net interest income to N104.1 billion despite a 31.3 percent increase in interest bearing liabilities. Average yields on earnings assets dropped to 10.7 percent from 13.8 percent in 2019FY largely due to the downward review of lending rates given the lower interest rate environment and the reduction of lending rates on intervention funds by the Central Bank of Nigeria (CBN).

Total customer deposits increased by 38.7 percent to N1,699.0 billion from N1,225.2 billion in 2019FY driven by strong double-digit growth in both local and foreign currency deposits. Local currency deposits grew by 49.6 percent to N1,400.8 billion and constitutes 82.5 percent of total customer deposits while foreign currency deposits grew by 3.3 percent to N271.6 billion and now accounts for 17.5 percent of total deposits. Our retail banking drive continued to deliver impressive results as total savings deposits increased by 54.2 percent to N424.4 billion, making it the 8th consecutive year of recording double-digit growth in savings deposits. Total savings deposits now accounts for about 25.0 percent of total deposits, an attestation of our increasing market share in the retail market segment.

Net Loans and advances increased by 17.7 percent to N1,326.1 billion from N1,127.0 billion in 2019FY. Foreign currency loans increased by 19.8 percent and now accounts for 42 percent of the loan book while local currency loans increased by 16.2 percent and now represents 58 percent of the loan book. We maintained a conservative stance from a credit risk perspective and in line with

our guidance for the year, total impairment charge increased to N16.9 billion from a net write-back (including net losses on de-recognition of financial assets measured at amortized cost) of N0.6 billion in 2019FY, resulting in a cost of risk of 1.4 percent.

Non-Performing Loans (NPL) ratio increased to 3.8 percent from 3.3 percent in 2019FY caused by specific sectors. All regulatory ratios remained above the required thresholds with capital adequacy ratio (CAR) at 18.2 percent while liquidity ratio improved to 37.8 percent from 35.0 percent in 2019FY.

Looking ahead

We will continue to focus on redesigning our systems and processes to enhance service delivery, deepen our cost optimization initiatives to reduce operating expenses and cost-to-serve, and enhance our overall risk monitoring capabilities to ensure both internal and external risks are identified and mitigated before they crystalize. Our growth aspirations will be sustained while we continue to identify new opportunities in the new normal.

On the back of the evolving dynamics in the economy, we will continue to increase the adoption and migration of customers to our digital platforms and increase our retail banking market share through innovative products and services.

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

Nneka Onyeali-Ikpe
Managing Director/Chief
Executive Officer



**DIRECTORS'
PROFILES/REPORT**

Board Of Directors





Names of Board Members by rows (from left to right)

First row

Mustafa Chike-Obi, Nneka Onyeali-Ikpe, Kings Akuma, Gbolahan Joshua, Obaro Odeghe, Hassan Imam

Second row

Chidozie Agbapu, Isa Mohammed Inuwa, Henry Obih, Kevin Ugwuoke, Ken Opara, Ezinwa Unuigboje (Company Secretary)

Third row

Amaka Onwughalu, Nelson Nweke, Chinedu Okeke



Mustafa Chike-Obi
Chairman

Mustafa Chike-Obi is the Executive Vice Chairman at Alpha African Advisory. He has over 40 years of experience in investment banking and the financial services sector, working with reputable global investment banking and asset management firms. He provides overall leadership at Alpha African Advisory and has direct oversight over the capital raising division.

Prior to joining Alpha African Advisory, he was the inaugural Chief Executive Officer of the Asset Management Corporation of Nigeria (AMCON), a Federal Government backed institution, established to resolve the problem of non-performing loan assets of Nigerian banks after the 2008 global financial crisis.

He started his Nigerian Banking career with Chase Merchant Bank from 1980 - 1982 as Head of Treasury Department and was Founding President at Madison Advisors, a financial services advisory and consulting firm in New Jersey, specializing in hedge funds and private equity investment advice.

He also served as the Managing Director, Fixed Income at Shoreline Group and held senior positions at Goldman Sachs, Bear Stearns and Guggenheim Partners in the United States amongst others, where he acquired a broad knowledge base in capital market operations in both mature and emerging markets, including the development and marketing of fixed income securities products to institutional investors. His vast experience includes serving as the Chairman of the Public Securities Association Trading Practice Committee of the National Association of Securities Dealers, overseeing mortgage backed securities.

Mustafa was educated at the University of Lagos and Stanford University School of Business where he obtained a Bachelor's degree in Mathematics (First Class Honours) and Master's in Business Administration (MBA) respectively. He joined the Board of Fidelity Bank Plc in August 2020.



Nneka Onyeali-Ikpe
Managing Director/CEO

Mrs. Nneka Onyeali-Ikpe assumed office as Managing Director/CEO of Fidelity Bank on January 1, 2021, and has been an integral part of the transformation team at the Bank in the last six years. She was formerly Executive Director, Lagos and South West, overseeing the Bank's business in the seven States that make up the South West Directorate of the Bank. She led the transformation of the Directorate to profitability and sustained its impressive year-on-year growth, across key performance metrics, including contributing over 28% of the Bank's PBT, Deposits and Loans prior to her appointment as MD/CEO.

Nneka has over 30 years of experience across various banks including Standard Chartered Bank Plc, Zenith Bank Plc and Citizens International Bank Limited, where she held management and leadership positions in Legal, Treasury, Investment Banking, Retail/Commercial Banking and Corporate Banking, in addition to serving as an Executive Director on the Board of Enterprise Bank Plc.

Nneka has been involved in the structuring of complex transactions in various sectors including Oil & Gas; Manufacturing, Aviation, Real Estate and Export. As an Executive Director at Enterprise Bank Plc, she received formal commendation from the Asset Management Corporation of Nigeria (AMCON) as a member of the management team that successfully turned around Enterprise Bank Plc.

Nneka holds Bachelor of Laws (LLB) and Master of Laws (LLM) degrees from the University of Nigeria, Nsukka and Kings College, London, respectively. She has attended executive training programs at Harvard Business School, The Wharton School University of Pennsylvania, INSEAD School of Business, Chicago Booth School of Business, London Business School and IMD amongst others. She is currently undergoing a Diploma programme in Organizational Leadership at Said Business School, Oxford University, UK. She is an Honorary Senior Member (HCIB) of The Chartered Institute of Bankers of Nigeria.



Gbolahan Joshua
Executive Director

Gbolahan Joshua is the Executive Director/Chief Operations and Information Officer and responsible for overseeing the Bank's Operations and Information Technology Directorate. He joined Fidelity Bank in April 2014 as a General Manager and has had responsibility for Digital Banking, Investor Relations, Performance Management, Corporate Strategy and Business Transformation in the Bank.

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

Gbolahan has attended a number of executive and banking specific programs in leading educational and professional institutions including Harvard, IMD, and Euromoney. He joined the Board in September 2019.



Obaro Odeghe
Executive Director

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

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

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

Obaro is a Fellow of the Institute of Credit Administration and Honorary Senior Member of the Chartered Institute of Bankers of Nigeria. He joined the Board in September 2019.



Hassan Imam
Executive Director

Hassan Imam was appointed Executive Director, North Directorate of Fidelity Bank in January 2020. He previously served as the General Manager, Regional Bank Head - Abuja and he is currently responsible for the Commercial, SME, Consumer and Public Sector businesses of Fidelity Bank in the North Region of Nigeria comprising 19 States and Abuja.

He joined the former FSB International Bank Plc in April 1998 before its merger with Fidelity Bank in 2005 and served the Bank in various leadership capacities, before his appointment to the Board.

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

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

Hassan is a Fellow of the Institute of Credit Administration and Honorary Senior Member of the Chartered Institute of Bankers of Nigeria. He is also an Associate Member, Chartered Public Accountants.



Kevin Ugwuoke
Executive Director

Kevin Ugwuoke joined Fidelity Bank in 2015 as General Manager, Chief Risk Officer. He was appointed to the Board in July 2020 and is the Executive Director Risk Management/Chief Risk Officer of the Bank. He is currently responsible for Enterprise Risk Management including Credit Risk Management, Credit Strategy and Policy, Risk Measurement, IT Risk Management, Market Risk Management and Operational Risk Management.

He has over 30 years of banking experience across various banks namely Citi Bank, Access Bank Plc, United Bank for Africa Plc and Mainstreet Bank Limited, where he worked in various capacities in Banking Operations, Commercial Banking, Corporate Banking and Risk Management. Over the period, he was also Chief Risk Officer of United Bank for Africa Plc and Mainstreet Bank Limited.

Kevin holds a bachelor's degree (First Class) in Civil Engineering from the University of Nigeria, Nsukka. He also holds a Post Graduate Diploma in Management from Edinburgh Business School of Herriot-Watt University. He has attended several executive trainings in world-class institutions, including Wharton and Harvard Business School. He is a Senior Honorary Member of the Chartered Institute of Bankers of Nigeria.



Ken Opara
Executive Director

Dr. Kenneth Opara joined the Board on January 1, 2021 as the Executive Director Lagos & South West Directorate. Prior to his appointment, Dr. Opara served as General Manager/Regional Bank Head, Ikeja Region. He has over 29 years' experience in banking and worked at various financial institutions including legacy Omega Bank Plc, Equatorial Trust Bank Plc and Manny Bank Plc, before joining Fidelity Bank Plc in 2006, following its merger with Manny Bank Plc.

He has core-banking experience in diverse areas of banking including Credit, Treasury, Retail, Consumer and Commercial Banking, International Operations and Corporate Banking and has held senior management positions in the industry including Divisional Head, Managed SMEs, Multilateral Agencies & Trade Missions; Division Head, SMEs, Electronic & Consumer Banking; Head, Private & Consumer Banking, Head, Affinity Banking & Corporate Consumer Banking; and Head Consumer & Commercial Banking.

Dr. Opara has attended executive management programs at Harvard Business School, Kellogg School of Management, Wharton, INSEAD and Lagos Business School amongst others. He is a Fellow of the Chartered Institute of Bankers of Nigeria (CIBN) and an active member of the Institute's Governing Council, where he currently serves as 1st Vice President, having previously served as 2nd Vice President and National Treasurer of the Institute.

He holds a Bachelor of Science (B.Sc.) degree in Finance and Master of Business Administration (MBA) from the University of Nigeria, Nsukka and a Ph.D. in Credit Management from International University of Panama.



Kings C. Akuma
Non-Executive Director

Pst. Kings C. Akuma is the Managing Director/Chief Executive of Akvidson Engineering & Construction Limited and Hedo-Bec Engineering and Construction Company Limited, both frontline engineering companies in the oil and gas services sector. Prior to joining Akvidson, Akuma headed the Non-Oil & Gas business of ALCON Nigeria Limited, a major player in the oil, gas and power sector and before then, was the Managing Director of Hammakopp Consortium Limited, an affiliate of Nestoil Group Plc.

He holds a B.Sc. in Accounting from the University of Nigeria, Nsukka and a Master's in Business Administration from the University of Lagos.

Akuma is a Fellow of both the Institute of Chartered Accountants of Nigeria, and the Chartered Institute of Taxation of Nigeria, and is regarded by his peers and contemporaries as a thoroughbred strategic change management specialist with core competence in organisational structure and financial due diligence review.

He coordinated comprehensive financial due diligence on several banks and has over three decades of in-depth understanding of banking/finance operations, consulting, manufacturing, oil & gas, due diligence and forensic accounting. Pst. Akuma is a Member of the Institute of Chartered Mediators and Conciliators, as well as a Fellow of the Institute of Credit Administration. He joined the Board of Fidelity Bank in November 2016.





Isa Mohammed Inuwa
Independent Non-Executive Director

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

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

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

In the financial services industry, his experience spans Commercial Banking, Merchant Banking and Development Finance, with requisite knowledge and experience in retail and commercial banking, operations, international trade finance, agricultural finance, treasury and corporate banking. He started out as a banker with Union Bank of Nigeria Plc where he did his mandatory youth service programme and

worked at the defunct Bank for Credit and Commerce International (BCCI) and International Merchant Bank (IMB). Inuwa rose to the pinnacle of the banking profession with his appointment as Managing Director, Intercity Bank Plc, in 1991.

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

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

He is an active fund raiser for several orphanages and Trustee of two Non-Governmental Organisations (NGOs); 'Children with Special Needs', an NGO on Autism and 'Asma'u Usman Memorial Foundation', an NGO that is involved in economic empowerment, education and poverty alleviation. Born in Kano, Inuwa was educated at Ahmadu Bello University, Zaria and Stirling University, Scotland where he obtained BSc Accounting and MSc Accounting & Finance degrees respectively. Married with children and a grandchild, he has attended several courses and executive management programmes at Wharton, Oxford University, Euromoney, INSEAD, IMD and other high profile global institutions. He joined the Board in January 2020.



Henry Obih

Independent Non-Executive Director

Engr. Henry Obih was the Group Executive Director/Chief Operating Officer (GED/COO), Downstream, Nigerian National Petroleum Corporation (NNPC) until his retirement in 2019 and was subsequently appointed to the Board of Nigeria Liquefied Natural Gas Limited (NLNG) in July 2020.

He joins the Board of Fidelity Bank with significant cross-functional work experience and exposure spanning over three (3) decades, across different climes including Africa, Europe, Asia and the Americas. He has extensive experience in project and performance management, manufacturing and operations management, sales and marketing, strategy and business planning/analysis, business development/re-engineering, general management, corporate governance and risk management.

Prior to joining NNPC as GED/COO in 2016, Engr. Obih had a stellar 22-year career at Mobil Oil Nigeria (ExxonMobil Nigeria Downstream) and held several high-profile positions in the company including Executive Director, Retail and Executive Director, Operations, Customer Service and Logistics.

His recent leadership roles include board positions at Nigeria Gas Marketing Company Limited, Pipelines and

Products Marketing Company Limited, NNPC Retail Limited, NIDAS Marine Limited (a subsidiary of NNPC in joint venture with Daewoo Industries South Korea), NIKORMA Limited (a subsidiary of NNPC in joint venture with Hyundai Heavy Industries South Korea) and Duke Oil Company Inc.

Engr. Obih holds a bachelor's degree in Mechanical Engineering from the University of Nigeria, Nsukka (UNN) and an MBA in Financial Management from the University of Bradford, Yorkshire, England.

His professional affiliations include membership of the Institute of Directors, Society for Corporate Governance and Council for the Regulation of Engineering in Nigeria (COREN); Nigerian Institution of Mechanical Engineers; Institute of Credit Administration and Fellow of the Nigerian Society of Engineers.

He has attended executive programs in leadership, strategy, finance, corporate governance, and business management at some of the world's leading institutions including Columbia Business School, New York, Massachusetts Institute of Technology (MIT), IMD Lausanne, Switzerland, London Business School and Lagos Business School, Nigeria. He joined the Board in September 2020.



Directors' Profiles



Chidi Agbapu
Non-Executive Director

Mr. Chidi Agbapu holds a B.Sc. in Economics from the University of Nigeria, Nsukka and a Masters in Banking and Finance from the University of Lagos. He is an alumni of the Lagos Business School (Advanced Management Program, AMP 14, 2000).

He is a fellow of the Chartered Institute of Stockbrokers and has extensive experience in capital market operations spanning over thirty years. He has served as Chief Dealer/Analyst in various capital market firms including Equator Finance & Securities Limited and Prominent Securities Limited.

He is currently the Co-CEO/Managing Director of Planet Capital Limited, a product of a merger between Strategy & Arbitrage Limited and Emerging Capital Limited, both being members of The Nigerian Stock Exchange. Agbapu was a Founding Partner/Managing Director of Emerging Capital Limited from 2004 to 2010.

Agbapu currently serves on the Boards of various companies including NGX Group Plc (the holding company of the Nigerian Stock Exchange), and MTI Limited, Accra, Ghana. He served as a Director of Bendel Feeds and Flour Mills Plc and Central Securities Clearing System (CSCS) Limited for seven (7) years.

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

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



Amaka Onwughalu
Non-Executive Director

Mrs. Amaka Onwughalu has over 30 years' banking experience including over 10 years in Executive Management in various financial institutions, with proven expertise across diverse segments including Commercial Banking, Retail Banking, Treasury Management, Banking Operations and Corporate Banking. She was the former Group Managing Director of legacy Mainstreet Bank Limited where she led the successful execution of a seamless integration of the bank with Skye Bank Plc where she served as Deputy Managing Director until her retirement in July 2016.

She is currently the Chief Executive Officer of Blueshield Financial Services Limited and holds a BSc Degree in Economics from the University of Buckingham, an MSc Degree in Corporate Governance from Leeds Metropolitan University, United Kingdom and an MBA from the University of Port Harcourt, Nigeria. She gained further exposure and training at the Executive Business School, INSEAD, France; IMD Business School, Lausanne, Switzerland; Judge Business School, University of Cambridge; and Columbia Business School, USA.

Mrs. Onwughalu is a Senior Fellow of the Institute of Internal Auditors of Nigeria; a Fellow of the Institute of Credit Administration (ICA); a Member of the Nigeria Institute of Management (NIM); an Honorary Member of the Chartered Institute of Bankers of Nigeria (CIBN); and a Fellow of the Institute of Directors (IoD). She is passionate about mentoring the Girl Child and committed to supporting women entrepreneurs/professionals to contribute their quota to stimulating economic development in Nigeria. She is a Paul Harris Fellow and recipient of various prestigious awards including the National Merit Award for Accountability and Transparency (NMAT), the Award of Excellence and Distinction for Financial Management (AEDFM) and the Vocational Service Award (VSA) from the Rotary Club, Enugu. She joined the Board in December 2020.



Nelson Nweke
Non-Executive Director

Mr. Nelson Nweke, currently serves as the Managing Director of Neilville Nigeria Limited and had an extensive career in the financial services sector, rising to the position of Executive Director at legacy Intercontinental Bank Plc. His banking industry experience covers Operations, Public Sector, Corporate Services and Human Resources Administration.

He holds a B.Sc. in Political Science and an M.Sc. in Industrial and Labour Relations, both from the University of Ibadan and has attended various executive development programmes at world class business schools including INSEAD, France; IMD, Lausanne, Switzerland; and Harvard Business School amongst others.

Mr. Nweke is an Associate Member of the Chartered Institute of Stockbrokers (CIS) and Member, Chartered Institute of Personnel Management (CIPM) and Nigeria Institute of Management (NIM). Prior to joining the Board of Fidelity Bank, Mr. Nelson Nweke had previously served as a Non-Executive Director of Premium Pension Limited and was a member of the Governing Council of Anambra State Investment Promotion and Protection Agency between 2014 and 2018.

He is presently an Independent Non-Executive Director at Berger Paints PLC. He joined the Board of Fidelity Bank Plc in December 2020.



Chinedu Okeke
Non-Executive Director

Chinedu Eric Okeke is the Managing Director of Azura Power West Africa Limited, an infrastructure development and operating company with special focus on emerging markets in Africa, including Nigeria. Prior to joining Azura in 2014, Mr. Okeke had a stellar career spanning over nineteen years in a succession of blue-chip companies including Guinness Nigeria Plc, Lafarge Plc, Schlumberger Oilfield Services, and General Electric (GE). His areas of interest and specialization across geographies (Nigeria, France, South Africa, Vietnam and Pakistan), includes Technology, Power, Corporate Strategy, Finance, Market Analysis and International Development.

Mr. Okeke has held executive and senior management positions in various climes, with direct responsibility for teams of diverse and multicultural professionals and demonstrated ability to develop and maintain strategic client relationships and deliver quality results under complex conditions. He holds a B.Eng. Degree in Electronic Engineering from the University of Nigeria, Nsukka (UNN) and an MBA from Imperial College, London. He has attended executive training programmes at various premier institutions including Gordon Institute of Business Science, South Africa; INSEAD, France; Graduate School of Business, Stanford, USA; College of Management, Georgia Institute of Technology, USA and GE John F. Welch Leadership Development Centre, USA.

He joined the Board in January 2021.

Management Staff

As at 1 January, 2021

Executive Management

Nneka Onyeali-Ikpe

Managing Director/Chief Executive Officer

Gbolahan Joshua

Executive Director/Chief Operations & Information Officer

Obaro Odeghe

Executive Director, Corporate Banking

Hassan Imam

Executive Director, North

Kevin Ugwuoke

Executive Director/Chief Risk Officer

Ken Opara

Executive Director, Lagos & South West

General Managers

Victor Abejegah

Chief Financial Officer

Adeboye Ogunmolade

Chief Compliance Officer

Martins Izuogbe

Regional Bank Head

Frank Anumele

Regional Bank Head

Chinwe Iloghalu

Regional Bank Head

Deputy General Managers

Richard Madiebo

Divisional Head, Retail Banking/Acting Chief Digital Officer

Adeyinka Adebayo

Executive Technical Assistant to the MD/CEO

Charles Nwachukwu

Chief Human Resources Officer

Abolore Solebo

Divisional Head, Energy & Power

Ezinwa Unuigboje

Company Secretary

Jude Monye

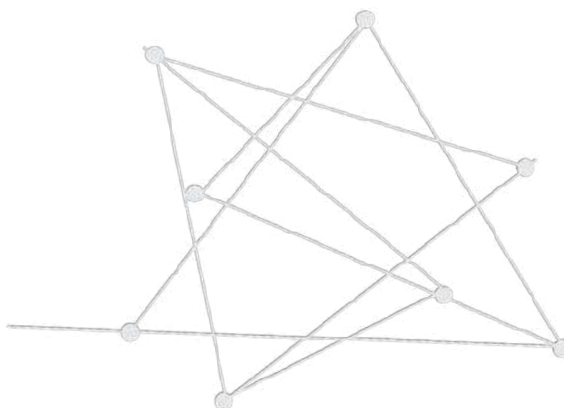
Regional Bank Head

Mannir Ringim

Regional Bank Head

Ndidi Dimanochie

Divisional Head, Fast Moving Consumer Goods II



Assistant General Managers

Adebayo Ogunbiyi

Divisional Head, Conglomerates

Akintoye Babalola

Treasurer

Christopher Onyeneke

Chief Technology Officer

Bartholomew Okonkwo

Chief Information Officer

Chetachi Ezenagu

Regional Bank Head

Chioma Nwankwo

Divisional Head, Private Banking

Chiwetalu Nwatu

Regional Bank Head

Damian Orizu

Divisional Head, Remedial Assets Mgt

Chukwudi Egbuna

Regional Bank Head

Evi Kanu

Regional Bank Head

Henry Asiegbu

Divisional Head Operations

Michael Nnaji

Head, Loan Monitoring

Mohammed Ahijo

Regional Bank Head

Musa Tarimbuka

Regional Bank Head

Obiajulu Okafor

Regional Bank Head

Osaigbovo Omorogbe

Divisional Head, Managed SMEs

Osato Omogiafo

Chief Information Security Officer

Ovie Mukoro

Regional Bank Head

Paschal Nzeribe

Regional Bank Head

Sam Okeke

Divisional Head, Fast Moving Consumer Goods 1

Ugochi Osinigwe

Chief Audit Executive

Vanessa Mordi

Regional Bank Head

Wale Mesioye

Regional Bank Head

Sadi Zawiya

Regional Bank Head



Report Of The Directors

For The Year Ended 31 December 2020

The Directors are pleased to submit their report on the affairs of Fidelity Bank Plc (the Bank), together with the financial statements and auditors report for the Year ended 31 December 2020.

1. Results

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

	2020	2019
	N'million	N'million
Profit before income tax	28,054	30,353
Income tax expense	(1,404)	(1,928)
Profit for the year	26,650	28,425
Earnings per share	92	98
Basic and Diluted (in Kobo)		

2. Proposed Dividend

In respect of the 2020 financial year, the Board of Directors recommend a dividend of 22 kobo per Ordinary Share of 50 kobo each amounting to N6,371,768,852.13 for approval at the Annual General Meeting.

If approved, dividend will be paid to Shareholders whose names appear on the Register of Members at the close of business on April 9, 2021. The proposed dividend is subject to Withholding Tax at the applicable tax rate, which will be deducted before payment.

3. Legal Form

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

4. Principal Business Activities

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

5. Beneficial Ownership

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

6. Share Capital

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

Range	No. of Share holders	% of Share holders	Units	Units %
1 - 1,000	95,091	23.87	79,856,649	0.28
1,001 - 5,000	170,961	42.91	470,372,832	1.62
5,001 - 10,000	51,874	13.02	425,912,543	1.47
10,001 - 50,000	57,675	14.48	1,372,240,107	4.74
50,001 - 100,000	10,579	2.66	822,806,965	2.84
100,001 - 500,000	9,292	2.33	2,023,048,488	6.99
500,001 - 1,000,000	1,417	0.36	1,057,520,202	3.65
100,00,01 - 5,000,000	1,089	0.27	2,262,404,399	7.81
5,000,001 - 10,000,000	174	0.04	1,277,602,619	4.41
10,000,001 - 50,000,000	171	0.04	3,334,898,129	11.51
50,000,001 - 100,000,000	27	0.01	1,899,806,566	6.56
100,000,001 - 28,962,585,692	56	0.01	13,936,116,193	48.12
	398,406	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.

7. Directors And Their Interests

Changes On The Board

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

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

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

Report Of The Directors

For The Year Ended 31 December 2020

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

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

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

The appointments have been approved by the Central Bank of Nigeria and the new Directors will be presented for election by Shareholders at the 33rd Annual General Meeting.

Retirement By Rotation

In accordance with Article 95(1)(a) of the Articles of Association of the Bank which requires one-third (or the number closest to one-third), of the Non-Executive Directors to retire by rotation at each Annual General Meeting, the Directors due to retire by rotation at the 33rd Annual General Meeting are Pst. Kings Akuma and Mr. Chidi Agbapu. Being eligible, they have offered themselves for re-election and will be presented for re-election at the 33rd Annual General Meeting.

Directors And Their Interests

The Directors who held office during the year ended 31 December 2020 together with their interests in the issued share capital of the Bank as recorded in the Register of Directors'

Shareholding and as notified by the Directors for the purpose of Sections 301 and 302 of the Companies and Allied Matters Act (CAMA), 2020 and the listing requirements of the Nigerian Stock Exchange (NSE) are as detailed below:

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

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

Report Of The Directors

For The Year Ended 31 December 2020

Directors' Interests In Contracts

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

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

**All the transactions were executed at arms' length;*

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

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

Disclosure on Directors' Remuneration

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

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

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

Executive Directors' Remuneration:

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

The Board sets operational targets consisting of a number of Key Performance Indicators (KPIs) covering both financial and non-financial measures of performance for the Executives at the beginning of each year. Executive compensation is therefore tied to specific deliverables on a fixed pay basis. Fixed pay includes basic salary, transport, housing and other allowances.

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

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

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

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

Report Of The Directors

For The Year Ended 31 December 2020

Non-Executive Directors' Remuneration:

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

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

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

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

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

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

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

8. Events After Reporting Period

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

9. Property, Plant And Equipment

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

10. Donations And Charitable Contributions

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

The beneficiaries were:

S/N	Beneficiary	Donation	Amount
1	COALITION AGAINST COVID-19	DONATION TO COALITION AGAINST COVID-19	250,000,000.00
2	SOKOTO STATE	DONATION TO SOKOTO STATE COVID-19 TRUST FUND.	10,000,000.00
3	BENUE STATE	DONATION TO BENUE STATE COVID-19 TRUST FUND.	5,000,000.00
4	ZAMFARA STATE	DONATION TO ZAMFARA STATE COVID-19 TRUST FUND	10,000,000.00
5	KANO STATE	DONATION TO KANO COVID-19 TRUST FUND	10,000,000.00
6	BORNU STATE	DONATION TO BORNU STATE COVID-19 TRUST FUND	5,000,000.00
7	YOBE STATE	DONATION TO YOBE STATE COVID-19 TRUST FUND	5,000,000.00
8	ANAMBARA STATE	DONATION OF 50-BED ISOLATION CENTER TO ANAMBARA STATE	60,000,000.00
9	TARABA STATE	DONATION TO TARABA STATE COVID-19 TRUST FUND	10,000,000.00
10	KASTINA STATE	DONATION TO KASTINA STATE COVID-19 TRUST FUND	10,000,000.00
11	JIGAWA STATE	DONATION TO JIGAWA STATE COVID-19 TRUST FUND	5,000,000.00
12	PLATEAU STATE	DONATION TO PLATEAU STATE COVID-19 TRUST FUND	10,000,000.00
13	KEBBI STATE	DONATION TO KEBBI STATE COVID-19 TRUST FUND	5,000,000.00
14	NASARAWA STATE	DONATION TO NASARAWA STATE COVID-19 TRUST FUND	5,000,000.00
15	GOMBE STATE	DONATION TO GOMBE STATE COVID-19 TRUST FUND	10,000,000.00
16	ADAMAWA STATE	DONATION TO ADAMAWA STATE COVID-19 TRUST FUND	10,000,000.00
17	LASGIDIS RECYCLERS, IBEJU KEKKI, LAGOS	CLEAN UP OF ADMIRALTY WAY, LAGOS	500,000
18	SOKOTO STATE UNIVERSITY	FIDELITY YOUTH EMPOWEMENT ACADEMY (YEA) 7	15,000,000.00
19	CENTRE FOR SOCIAL AWARENESS, ADVOCACY AND ETHICS (CSAAE), OWERRI	SPONSORSHIP OF IMO WOMEN INTERNATIONAL DAY	500,000.00
20	UNIVERSITY OF PORT HARCOURT TEACHING HOSPITAL, PORT-HARCOURT	RENOVATION OF EXISTING FACILITY IN THE DEPARTMENT OF OBSTETRICS AND GYNAECOLOGY	2,000,000.00
21	MCNET CONCEPT INTERNATIONAL, ANAMBRA	SUPPORT FOR EDUCATION ICON AWARD NIGERIA (EIAN)	1,000,000.00
22	GIFTED STEPPERS DANCE ACADEMY, IKORODU, LAGOS	FINANCIAL SUPPORT AND DONATION OF SKILL ACQUISITION MATERIALS TO THE GIFTED STEPPERS	2,000,000.00
23	MAKING ORUMBA GREAT AGAIN (MOGA), ANAMBRA	SPONSORSHIP OF MOGA WEEK 2020 (SIT TO READ, RISE TO LEAD)	1,000,000.00

Report Of The Directors

For The Year Ended 31 December 2020

S/N	Beneficiary	Donation	Amount
24	CHARTERED INSTITUTE OF ARBITRATORS, NIGERIA (CIAN)	GOLD SPONSORSHIP OF THE CHARTERED INSTITUTE OF ARBITRATORS, NIGERIA 2020 ANNUAL CONFERENCE	2,000,000.00
25	THE INTERNATIONAL AWARD FOR YOUNG PEOPLE , NIGERIA	SPONSORSHIP OF THE INTERNATIONAL AWARD FOR YOUNG PEOPLE, NIGERIA	10,000,000.00
26	SICKLE CELL ADVOCACY AND MANAGEMENT INITIATIVE (SAMI)	SPONSORSHIP OF POSITIVE AND WELLNESS SUMMIT, 2020/COVID RESPONSE	500,000.00
27	LIVING FOUNTAIN ORPHANAGE HOME, LAGOS	FINANCIAL DONATION TO LIVING FOUNTAIN ORPHANAGE HOME	5,000,000.00
28	IBIDUN IGHODALO FOUNDATION	SUPPORT TO IBIDUN IGHODALO FOUNDATION	1,000,000.00
29	ANAMBRA STATE GOVERNMENT	ADOPTION AND GROUND RENT FEE OF THE DENNIS MEMORIAL GRAMMAR SCHOOL (DMGS) GARDEN ONITSHA	4,110,000
30	ANAMBRA STATE GOVERNMENT	REHABILITATION AND BRANDING OF THE DENNIS MEMORIAL GRAMMAR SCHOOL (DMGS) ROUNDABOUT, ONITSHA	11,193,595
31	KIOSQUE VEGETAL, LAGOS	ANNUAL CHRISTMAS DECORATION OF FALOMO ROUNDABOUT	8,421,875.00
32	SACRED HEART COLLEGE, IBADAN	RENOVATION OF SANITARY FACILITY	3,127,638.48
33	LIVING FOUNTAIN ORPHANAGE HOME, LAGOS	DONATION OF ESSENTIAL MATERIALS	250,000.00
34	NATIONAL PRIMARY SCHOOL, LAGOS	RENOVATION OF SICKBAY / DONATION OF LAPTOPS TO ICT LABORATORY	2,230,000.00
35	SOUGHT-AFTER ORPHANAGE HOME, AJAH, LAGOS	DONATION OF ESSENTIAL MATERIALS	350,000.00
36	SICKLE CELL AID FOUNDTION (SCAF)	DONATION OF ESSENTIAL MATERIALS TO INDIVIDUALS LIVING WITH SICKLE CELL DISEASE IN NIGERIA	3,832,500.00
37	KONA COMMUNITY, JALINGO, TARABA	MEDICAL OUTREACH TO INTERNALLY DISPLACED PERSONS (IDP)	13,706,000.00
38	GANJUWA LOCAL GOVERNMENT AREA , BAUCHI STATE	RENOVATION OF THE GENERAL HOSPITAL IN KAFIN MADAK CITY	7,079,520.00
39	PERCULIA SAINTS OPHANAGE HOME, LAGOS	DONATION OF ESSENTIAL MATERIALS	380,000.00
40	GOODNEWS HUMANITARIAN FOUNDATION, AWKA IBOM	REFURBISHING AND EQUIPPING OF ICT CENTRE	2,000,000.00
41	JEWEL CARE FOUNDATION	MEDICAL OUTREACH	8,201,000.00
42	VIGILANT HEART CHARITABLE SOCIETY ORPHANAGE HOME, LAGOS	PROVISION OF ESSENTIAL ITEMS	800,000.00
43	COLLEGE OF MEDICINE UNIVERSITY OF LAGOS	RENOVATION OF SANITARY FACILITY	4,016,002.78
44	COMMUNITY SECONDARY SCHOOL , AGOBI IWOLLO, ENUGU	RENOVATION OF CLASSROOM BLOCKS AND SANITARY FACILITY	4,408,000.00
45	COMMAND SECONDARY SCHOOL, EDE, OSUN STATE	PROVISION OF SCHOOL CHAIRS AND TABLES	969,064.00
Total			535,575,195.26

11. Gender Analysis as at December 31, 2020

Fidelity Bank is an equal opportunity employer and is committed to promoting gender diversity in the work place. The Bank recognizes that women have different skill sets, viewpoints, ideas and insights which will enable it serve a diverse customer base more effectively. The report on gender analysis as at 31 December 2020 is shown below:

Gender Analysis Of Total Staff As At December 31, 2020				
Gender	31 December 2020		31 December 2019	
	Number Of Staff	Percentage Of Total Staff	Number Of Staff	Percentage Of Total Staff
Female	1336	45%	1268	45%
Male	1609	55%	1536	55%
Total	2945	100%	2804	100%

Gender Analysis Of Executive Management As At December 31, 2020				
Gender	31 December 2020		31 December 2019	
	Number	Percentage Of Total Staff	Number	Percentage Of Total Staff
Female	2	29%	3	43%
Male	5	71%	4	57%
Total	7	100%	7	100%

Gender Analysis Of Top Management (AGM-GM) As At 31 December 2020						
Grade	31 December 2020			31 December 2019		
	Male	Female	Total	Male	Female	Total
General Manager	5	1	6	6	-	6
Deputy General Manager	7	2	9	9	2	11
Assistant General Manager	18	5	23	17	3	20
Total	30	8	38	32	5	37
Percentage (%)	79%	21%	100%	84%	16%	100%

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

Report Of The Directors

For The Year Ended 31 December 2020

12. Employment Of Persons With Special Needs

Fidelity Bank's policy ensures that there is no discrimination in considering applications for employment including those from persons with special needs. The policy also ensures that such persons are afforded, as far as is practicable, identical opportunities with other employees. The Bank currently has in her employment five (5) persons with special needs and ensures that the work environment is accessible and conducive for them.

13. Health, Safety And Welfare Of Employees

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

Fidelity Bank's employees are provided with comprehensive healthcare coverage through a health management scheme with 3,265 hospitals across the country. The scheme covers each staff, his/her spouse and four biological/adopted children.

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

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

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

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

14. Staff health and the COVID-19 Pandemic

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

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

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

15. Human Rights

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

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

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

16. Employee Involvement And Training

The Bank is committed to keeping employees fully informed of its corporate objectives and the progress made on achieving 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.

Report Of The Directors

For The Year Ended 31 December 2020

The Bank operates an open communication policy and employees are encouraged to communicate with Management through various media including regular virtual town hall meetings hosted by the MD/CEO.

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

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

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

The Bank currently has nine modern Learning Centers at Lagos, Ibadan, Benin, Port-Harcourt, Owerri, Awka, Enugu, Abuja and Kano. A total of 967 staff members (885 core staff and 82 non-core), participated in various training programs in H1 2020, while 3,541 (1,667 core staff and 1,874 non-core) participated in H2 2020.

17. Credit Ratings

The Central Bank of Nigeria's Revised Prudential Guidelines requires all banks to be credit rated regularly, with the ratings updated every year and published in the Annual Report. In 2020, Fidelity Bank Plc was assigned the credit ratings below by the following rating agencies:

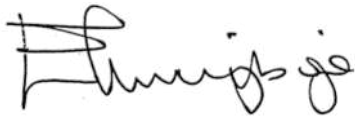
	Long-Term	Short-Term	Outlook
Fitch Ratings	B-	B	Stable
Standards & Poor (S&P)	B-	B	Stable
Global Credit Rating Co (GCR)	A-	A2	Stable

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

18. External Auditors

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

Consequently, the approval of the Central Bank of Nigeria, has been obtained for the appointment of a new External Auditor (Deloitte & Touche) for the Bank upon expiration of the current External Auditor's tenure. The new firm will be presented for the approval of Shareholders at the 33rd Annual General Meeting in accordance with Section 401(1) of the Companies and Allied Matters Act, 2020.



Ezinwa Unuigboje

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

March 15, 2021

Report Of Statutory Audit Committee

For The Year Ended 31 December 2020

To The Members Of Fidelity Bank Plc

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

- Reviewed the scope and planning of the audit requirements and found them adequate.
- Reviewed the financial statements for the year ended 31 December 2020 and are satisfied with the explanations obtained.
- Reviewed the External Auditors Management Report for the year ended 31 December 2020 and are satisfied that Management is taking appropriate steps to address the issues raised.
- Ascertained that the Bank has complied with the provisions of Central Bank of Nigeria (CBN) Circular BSD/1/2004 dated February 18, 2004 on "Disclosure of insider credits in the financial statements of banks". In addition, related party transactions and balances have been disclosed in the Notes to the Financial Statements for the year ended 31 December 2020 in accordance with the prescribed CBN format.
- Ascertained that the accounting and reporting policies of the company for the year ended 31 December 2020 are in accordance with legal requirements and agreed ethical practices.

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



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

March 15, 2021

Members of the Statutory Audit Committee are:

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

In attendance:

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

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Corporate Governance Report



For The Year Ended 31 December 2020

Introduction

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

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

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

The Bank has successfully completed the CGRS (Corporate Governance Rating System) assessment of the Nigerian Stock Exchange and is CGRS rated.

Corporate Governance Framework

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

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

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

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

The Codes and Rules are quite detailed and cover a wide range of issues, including Board and Management, Shareholders, Rights of other Stakeholders, Disclosure Requirements, Risk Management, Organizational Structure, Quality of Board Membership, Board Performance Appraisal, Reporting Relationship, Ethics and Professionalism, Conflict of Interest, Sustainability, Whistle-blowing, Code of Ethics, Complaints Management Processes and the Role of Auditors. These, in addition to the Bank’s Memorandum and Articles of Association,

Board, Board Committees and Management Committee Charters, collectively constitute the bedrock of the Bank's corporate governance framework.

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

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

1. Key Governance Developments

(a) Board Changes

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

(i) Management Transition:

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

(ii) Retirements from the Board:

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

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

(ii) Board Appointments:

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

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

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

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

The Financial Reporting Council of Nigeria (FRCN) formally issued the Nigerian Code of Corporate Governance (NCCG) on 15 January 2019. The Code is applicable to all listed entities including Fidelity Bank. Whilst the Bank is a regulated entity and already in substantial compliance with the provisions of the NCCG 2018, steps are already being taken towards ensuring full compliance with the provisions of the Code. In 2020, the FRCN issued the prescribed template for regulatory reporting on the Code and the Bank has submitted the requisite returns through the Nigerian Stock Exchange.

A. The Board Of Directors

Board Size

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

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

Board Structure and Responsibilities

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

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

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

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

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

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

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

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

The Board has a comprehensive Remuneration Policy, which is designed to address the compensation of both Executive and Non- Executive Directors. The Policy is designed to establish a framework for Directors' remuneration that is consistent with the Bank's scale and scope of operations and is aimed at attracting, motivating and retaining qualified individuals with the talent, skills and experience required to run the Bank effectively.

Corporate Governance Report

For The Year Ended 31 December 2020

The Board meets quarterly and additional meetings are convened as required. The Directors are provided with comprehensive information at each quarterly meeting and are briefed on business developments between Board meetings. The Board met sixteen (16) times during the year ended 31 December 2020.

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

No	Name of Director	Designation	Remarks
1	Mr. Mustafa Chike-Obi	Chairman/Non-Executive Director	Appointed on Aug 15, 2020
2	Mr. Chidi Agbapu	Non-Executive Director	Appointed on Sept 3, 2018
3	Pst. Kings Akuma	Non-Executive Director	Appointed on Nov 25, 2016
4	Alhaji Isa Inuwa	Independent Non-Executive Director	Appointed on Jan 22, 2020
5	Engr. Henry Obih	Independent Non-Executive Director	Appointed on Sept 21, 2020
6	Mrs. Nneka Onyeali-Ikpe	Executive Director	Appointed on Sept 7, 2015
7	Mr. Gbolahan Joshua	Executive Director	Appointed on Sept 1, 2019
8	Mr. Obaro Odeghe	Executive Director	Appointed on Sept 1, 2019
9	Mr. Hassan Imam	Executive Director	Appointed on Jan 1, 2020
10	Mr. Kevin Ugwuoke	Executive director	Appointed on Jul 28, 2020
11	Mrs. Amaka Onwughalu	Non-Executive Director	Appointed on Dec 15, 2020; Attendance at meetings commenced in January 2021
12	Mr. Nelson Nweke	Non-Executive Director	Appointed on Dec 15, 2020; Attendance at meetings commenced in Jan 2021
13	Mr. Ernest Ebi	Chairman/Non-Executive Director	Retired on Aug 14, 2020
14	Otunba Seni Adetu	Independent Non-Executive Director	Retired on Jun 30, 2020
15	Mr. Alex Ojukwu	Non-Executive Director	Retired on Dec 31, 2020
16	Mr. Michael Okeke	Non-Executive Director	Retired on Dec 18, 2020
17	Chief Charles Umolu	Non-Executive Director	Retired on Dec 16, 2020
18	Mr. Nnamdi Okonkwo	Managing Director/CEO	Retired on Dec 31, 2020
19	Mrs. Chijioke Ugochukwu	Executive Director	Retired on Mar 31, 2020
20	Mrs. Aku Odinkemelu	Executive Director	Retired on Dec 31, 2020

Directors' Appointments, Retirements and Re-elections

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

The Board Corporate Governance Committee is charged with the responsibility of leading the process for Board appointments and for ascertaining and recommending suitable candidates for the approval of the Board. The appointment process is transparent and involves external consultants who carry out an independent evaluation of all nominees as part of the selection process. The importance of achieving the right balance of skills, experience and diversity is also taken into consideration in making Board appointments.

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

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

To ensure that the Board is continually renewed and refreshed, Non-Executive Directors' tenure is limited to two terms of three years while Independent Non-Executive Directors serve for one term of four years.

Board Induction and Continuous Education:

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

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

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

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

Corporate Governance Report

For The Year Ended 31 December 2020

The Bank renders periodic returns on training programmes attended by Directors to the Central Bank. During the period under review, the Directors participated in the programmes indicated below:

S/N	Course	Vendor	Date	Name of Director
1.	Senior Management Masterclass	Center for Value and Leadership	February 18-21, 2020	Mr. Kevin Ugwuoke
2.	AML/CFT for Top Management	IBFC Alliance	February 22, 2020	Mr. Kevin Ugwuoke
3.	Oxford Diploma in Organisational Leadership	Oxford SAID Business School	February 19, 2020	Mrs. Nneka Onyeali-Ikpe
4.	The Global CEO Program- A Transformational Journey	IESE Business School, Shanghai, China	June 8-12, 2020	Mr. Nnamdi Okonkwo
5.	The Board's Responsibility in relation to the Internal Capital Adequacy Assessment Process (ICAAP)	In-House Training by the ED CRO	July 27, 2020	Mr. Ernest Ebi Mr. Alex Ojukwu Mr. Michael Okeke Chief Charles Umolu Pst. Kings Akuma Mr. Chidi Agbapu Alhaji Isa Inuwa Mr. Nnamdi Okonkwo Mrs. Nneka Onyeali-Ikpe Mrs. Aku Odinkemelu Mr. Gbolahan Joshua Mr. Obaro Odeghe Mr. Hassan Imam Mr. Kevin Ugwuoke
6.	Effective Course Oversight: Cybersecurity and Risk Management in the New Normal	FITC, Lagos	August 27 - 28, 2020	Chief Charles Umolu Mrs. Aku Odinkemelu Mrs. Nneka Onyeali-Ikpe Mr. Kevin Ugwuoke Mr. Alex Ojukwu Mr. Gbolahan Joshua Mr. Chidi Agbapu Pst. Kings Akuma Mr. Michael Okeke Mr. Obaro Odeghe
7.	Strategic Agility for Turbulent Times	Harvard Business School	September 10-24, 2020	Mr. Alex Ojukwu
8.	Executing Strategy For Results	London Business School	October 18 - 23, 2020	Mr. Obaro Odeghe

S/N	Course	Vendor	Date	Name of Director
9.	Corporate Governance: Effectiveness and Accountability in the Boardroom	Kellogg, Northwestern University	November 2-13, 2020	Chief Charles Umolu Mr. Michael Okeke
10.	Effective Decision-Making – Thinking Critically and Rationally	Wharton, University of Pennsylvania	November 9-13, 2020	Pst Kings Akuma Mr. Kevin Ugwuoke Engr. Henry Obih Mr. Chidi Agbapu
11.	Continuous Education Programme for Directors of Banks and Other Financial Institutions	CBN-FITC	November 12-13, 2020	Mr. Henry Obih Engr. Obaro Odeghe Mr. Alex Ojukwu Mr. Gbolahan Joshua Alhaji Isa Inuwa Mr. Chidi Agbapu Pst. Kings Akuma Mr. Michael Okeke
12.	Improving Board Effectiveness	KPMG	November 21, 2020	Mr. Mustafa Chike-Obi Mr. Alex Ojukwu Mr. Michael Okeke Chief Charles Umolu Pst. Kings Akuma Mr. Chidi Agbapu Alhaji Isa Inuwa Engr. Henry Obih Mr. Nnamdi Okonkwo Mrs. Nneka Onyeali-Ikpe Mrs. Aku Odinkemelu Mr. Gbolahan Joshua Mr. Obaro Odeghe Mr. Hassan Imam Mr. Kevin Ugwuoke
13.	Women working for Change Summit	Women Working For Change	November 24, 2020	Mrs. Nneka Onyeali-Ikpe
14.	Induction for New Directors	In-House	November 24-25, 2020	Mr. Mustafa Chike-Obi Alhaji Isa Inuwa Engr. Henry Obih Mr. Obaro Odeghe Mr. Gbolahan Joshua Mr. Hassan Imam Mr. Kevin Ugwuoke

Corporate Governance Report

For The Year Ended 31 December 2020

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

Access to independent advice:

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

Independent consultants engaged during the review period include:

S/N	Consultant	Brief
1	KPMG Professional Services	Board Appraisal; Corporate Strategy
2	PricewaterhouseCoopers	Business Process Re- engineering
3	Deloitte & Touche	Board Consultancy Services

Board Performance Appraisal:

The Board, recognizing the need to maintain an energized, proactive and effective Board, adopted a formal Board and Board Committees' Evaluation Policy in April 2012. To give effect to the provisions of the Policy and comply with the Codes, the Board engages an independent consultant to conduct an annual appraisal of the Board's performance and highlight any issues that require remedial action.

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

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

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

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

The independent consultant's report on the Board appraisal is presented to Shareholders at the Annual General Meeting in each year and submitted to the Central Bank of Nigeria. The Board appointed KPMG Advisory Services to carry out the Board appraisal and governance evaluation exercise for 2020 financial year and the Consultant's report will be presented at the 33rd Annual General Meeting.

Corporate Governance Report

For The Year Ended 31 December 2020

Board Meetings:

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

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

B. Board Committees

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

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

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

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

Composition of Board Committees as at December 31, 2020:

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

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

S/N	Committee	Membership	Designation
1	Board Finance & General Purpose Committee (FGPC)	Mr. Chidi Agbapu	Chairman, Non-Executive Director
		Engr. Henry Obih	Independent Non-Executive Director
		Mr. Nelson Nweke	Non-Executive Director
		Mrs. Amaka Onwughalu	Non-Executive Director
		Mr. Chinedu Okeke	Non-Executive Director
2	Board Corporate Governance Committee (BCGC):	Engr. Henry Obih	Chairman, Independent Non-Executive Director
		Mr. Chidi Agbapu	Non-Executive Director
		Alhaji Isa Inuwa	Independent Non-Executive
		Mrs. Amaka Onwughalu	Non-Executive Director
3	Board Risk Committee (BRC):	Mr. Nelson Nweke	Non-Executive Director
		Mrs. Amaka Onwughalu	Chair, Non-Executive Director
		Alhaji Isa Inuwa	Independent Non-Executive Director
		Engr. Henry Obih	Independent Non-Executive Director
		Pst. Kings Akuma	Non-Executive Director
		Mr. Chinedu Okeke	Non-Executive Director
4	Board Audit Committee (BAC):	Mrs. Nneka Onyeali-Ikpe	Managing Director/CEO
		Alhaji Isa Inuwa	Chairman, Independent Non-Executive Director
		Pst. Kings Akuma	Non-Executive Director
		Mr. Nelson Nweke	Non-Executive Director
		Mr. Chidi Agbapu	Non-Executive Director
5	Board Credit Committee (BCC):	Mr. Chinedu Okeke	Non-Executive Director
		Pst. Kings Akuma	Chairman, Non-Executive Director
		Alhaji Isa Inuwa	Independent Non-Executive Director
		Mr. Chidi Agbapu	Non-Executive Director
		Engr. Henry Obih	Independent Non-Executive
		Mrs. Amaka Onwughalu	Non-Executive Director
		Mr. Chinedu Okeke	Non-Executive Director
Mrs. Nneka Onyeali-Ikpe	Managing Director/CEO		

i. Board Credit Committee:

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

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

ii. Board Risk Committee:

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

Its terms of reference include:

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

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

iii. Board Audit Committee:

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

Its terms of reference include:

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

iv. Board Corporate Governance Committee:

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

Its terms of reference include:

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

v. Board Finance & General Purpose Committee:

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

Its terms of reference include:

- (a) Review major expense lines periodically and approve expenditure within the approval limit of the Committee as documented in the financial manual of authorities;
- (b) Participate in and lead an annual strategy retreat for the Board.
- (c) Review annually, the Bank's financial projections, as well as capital and operating budgets and review on a quarterly basis with Management, the progress of key initiatives, including actual financial results against targets and projections.
- (d) Make recommendations to the Board regarding the Bank's investment strategy, policy and guidelines, its implementation and compliance with those policies and guidelines and the performance of the Bank's investment portfolios.
- (e) Ensure a transparent and competitive tendering process on major contracts to guarantee the best value for the Bank.
- (f) Review and recommend to the Board for approval, the procurement strategy and policy for the Bank.
- (g) Ensure that all major contracts are carried out according to the terms and conditions of the contract agreement.
- (h) Other finance matters including recommending for Board approval, the Bank's dividend policy, including amount, nature and timing and other corporate actions.
- (i) Recommend a comprehensive framework for delegation of authority on financial matters and ensure compliance with same.

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B. Attendance at Board and Board Committee Meetings

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

S/N	Name	Full Board	Board Credit Committee (BCC)	Board Audit Committee (BAC)	Board Risk Committee (BRC)	Board Corporate Governance Committee (BCGC)	Board Finance And General Purpose Committee (BF&GPC)
Total Number Of Meetings		16	19	11	11	29	12
1	Mr. Mustafa Chike-Obi (A1)	4	N/A	N/A	N/A	N/A	N/A
2	Pst. Kings Akuma	16	19	11	11	29	12
3	Mr. Chidi Agbapu	16	19	11	11	29	12
4	Alhaji Isa Inuwa (A2)	15	18	10	11	27	N/A
5	Engr. Henry Obih (A3)	3	1	1	N/A	2	2
6	Mrs. Amaka Onwughalu (A4)	N/A	N/A	N/A	N/A	N/A	N/A
7	Mr. Nelson Nweke (A5)	N/A	N/A	N/A	N/A	N/A	N/A
8	Mr. Chinedu Okeke (A6)	N/A	N/A	N/A	N/A	N/A	N/A
9	Mrs. Nneka Onyeali-Ikpe	16	N/A	N/A	N/A	N/A	N/A
10	Mr. Gbolahan Joshua	16	N/A	N/A	N/A	N/A	N/A
11	Mr. Obaro Odeghe	16	N/A	N/A	N/A	N/A	N/A
12	Mr. Hassan Imam	16	N/A	N/A	N/A	N/A	N/A
13	Mr. Kevin Ugwuoke (A7)	8	N/A	N/A	N/A	N/A	N/A
14	Dr. Kenneth Opara (A8)	N/A	N/A	N/A	N/A	N/A	N/A
15	Mr. Ernest Ebi (B1)	12	N/A	N/A	N/A	N/A	N/A
16	Otunba Seni Adetu (B2)	8	12	6	7	18	6
17	Chief Charles Umolu (B3)	16	19	11	11	29	12
18	Mr. Michael Okeke (B4)	16	NA	11	11	29	12
19	Mr. Alex Ojukwu (B5)	16	19	11	11	29	N/A
20	Mr. Nnamdi Okonkwo (B6)	16	19	N/A	11	N/A	N/A
21	Mrs. Chijioke Ugochukwu (B7)	2	N/A	N/A	N/A	N/A	N/A
22	Mrs. Aku Odinkemelu (B8)	16	N/A	N/A	N/A	N/A	N/A

Notes:

Attendance records are reflective of meetings held within the Directors' appointment/retirement dates.

N/A - Not Applicable.

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

A2 - Alhaji Isa Inuwa was appointed as an Independent Non-Executive Director and approved by the Central Bank of Nigeria on January 20, 2020.

A3 - Engr. Henry Obih was appointed as an Independent Non-Executive Director on June 29, 2020 and approved by the Central Bank of Nigeria on September 21, 2020.

A4 - Mrs. Amaka Onwughalu was appointed as a Non-Executive Director on October 30, 2020 and approved by the Central Bank of Nigeria on December 15, 2020.

A5 - Mr. Nelson Nweke was appointed as a Non-Executive Director on November 20, 2020 and approved by the Central Bank of Nigeria on December 15, 2020.

A6 - Mr. Chinedu Okeke was appointed as a Non-Executive Director on December 16, 2020 and approved by the Central Bank of Nigeria on January 4, 2021.

A7 - Mr. Kevin Ugwuoke was appointed as an Executive Director on June 29, 2020 and approved by the Central Bank of Nigeria on July 28, 2020.

A8 - Dr. Kenneth Opara was appointed as an Executive Director on June 29, 2020 and approved by the Central Bank of Nigeria on August 24, 2020, to take effect from January 1, 2021.

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

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

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

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

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

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

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

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

Dates of Board and Board Committee meetings in 2020:

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

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Board (16)	Board Risk Committee (11)	Board Audit Committee (11)	Board Finance & General Purpose Committee (12)	Board Credit Committee (19)	Board Corporate Governance Committee (29)
7-Aug-20	12-Oct-20	20-Oct-20	13-Oct-20	22-Jun-20	11-Jun-20 17-Jun-20
13-Aug-20	19-Oct-20	7-Dec-20	10-Nov-20	26-Jun-20 30-Jun-20	18-Jun-20 24-Jun-20
14-Aug-20			9-Dec-20	17-Jul-20 29-Jul-20	30-Jun-20 15-Jul-20
16-Sep-20				26-Aug-20	5-Aug-20 12-Aug-20
30-Oct-20				8-Sep-20	19-Aug-20 20-Aug-20
21-Nov-20				14-Oct-20	9-Sep-20 14-Sep-20 23-Sep-20
16-Dec-20				28-Oct-20 8-Dec-20	13-Oct-20 19-Oct-20 20-Nov-20 9-Dec-20

C. Statutory Audit Committee

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

The Committee's primary responsibilities include:

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

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

S/N	Name	Designation	Mar 2	Mar 26	Apr 17	Aug 6	Aug 13	Oct 15	Dec 7	Number Of Meetings	Number Attended
1	Chief Frank Onwu	Chairman/ Shareholder Representative	√	√	√	√	√	√	√	7	7
2	Dr. Christian Nwinia	Shareholder Representative	√	√	√	√	√	√	√	7	7
3	Mr. Innocent Mmuoh	Shareholder Rep.	√	√	√	√	√	√	√	7	7
4	Mr. Michael Okeke	Non-Executive Director	√	√	√	√	√	√	√	7	7
5	Mr. Alex Ojukwu	Non-Executive Director	√	√	√	√	√	√	√	7	7
6	Alhaji Isa Inuwa	Independent Non-Executive Director	√	√	√	√	√	√	√	7	7

D. General Meetings

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

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

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

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

E. Management Committees

In addition to the Board, Board Committees, Statutory Audit Committee and the Shareholders in General Meeting, the Bank's governance objectives are also met through the Management Committees. Each Management Committee has a formal Charter, which guides its purpose, composition, responsibilities and similar matters. Additional information on the terms of reference of management committees, is provided below:

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i. Executive Committee:

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

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

ii. Asset & Liability Committee:

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

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

iii. Management Credit Committee:

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

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

iv. Criticized Assets Committee:

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

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

v. Quarterly Business Review Committee:

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

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

vi. Operational Risk & Service Measurement Committee:

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

The Committee is charged with the following key responsibilities:

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

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- (b) Monitoring the implementation of policies, processes and procedures for managing operational risk in all of the Bank's material products, activities, processes and systems.
- (c) Ensuring that clear roles and responsibilities are defined for the management of operational risks throughout all levels of the Bank, including all Business and Support Units.
- (d) Providing support to the Chief Risk Officer and Chief Compliance Officer to ensure that a culture of compliance is entrenched throughout the Bank.

vii. Sustainable Banking Governance Committee:

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

The Committee is responsible for the following:

- (a) Oversee the implementation of the Environmental and Social Management Systems.
- (b) Oversee the implementation and management of the Bank's environmental and social footprint as it concerns:
 - Energy and water conservation.
 - Waste management.
 - Sustainable procurement.
 - Stakeholder engagement.
- (c) Oversee the implementation of other sustainability issues in the Bank as it relates to:
 - Promotion of equality of opportunity and diversity.
 - Occupational health and safety.
 - Grievance mechanism and related issues.
 - Financial inclusion and literacy.
 - Corporate Social Responsibility.
 - Collaborative partnership.
 - Capacity building.
- (d) Review the Bank's environmental and social performance and progress.
- (e) To review and advise the Board on the Bank's Sustainability progress.

viii. Information Technology Steering Committee

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

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

The responsibilities of the Committee include the following:

- (a) Steer the Bank's business to profitability through technology;
- (b) Reviews, monitors and enforces implementation of the Bank's IT strategy;
- (c) Reviews short to mid-term trends and makes recommendations
- (d) Harmonizes all IT related budget entries from other Departments with the provisions in the IT budget;
- (e) Serves as support and advisory to the Executive Committee on IT and Information Security matters;
- (f) Assesses the criticality of IT spend;
- (g) Reviews and monitors IT budget implementation;
- (h) Serves as a governing council/steering committee for the Information Security Management System;
- (i) Resolves issues or conflicts that, if unresolved, would jeopardize the successful completion of approved IT initiatives and programmes;
- (j) Makes recommendations on resources required to implement proposed IT initiatives and programmes;
- (k) Reviews the performance and effectiveness of IT activities; and
- (l) Ensures IT leadership meets on a quarterly basis with the Bank's user groups to further align IT initiatives with business needs.

ix. Information Security Steering Committee

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

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

The role of the Committee includes the following:

- (a) Provide strategic direction and governance on cybersecurity to the Bank by ensuring that adequate cyber security policies, procedures and initiatives are established and updated in line with the changing risk landscape.
- (b) Ensure alignment of cyber security projects with technology and corporate strategy.
- (c) Resolve strategic level issues and risks in relation to cyber security which may arise from existing or new/proposed business initiatives.

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- (d) Evaluate, approve, and sponsor institution-wide security investments; Review the justifications and business cases for security investments and ensure that proposed security projects are aligned with the Bank's strategic direction.
- (e) Ensure adequate investment prioritization and cyber risk management.
- (f) In consultation with senior management, oversee regulatory compliance with respect to cyber security, to ensure that the Bank complies with all extant regulations to avoid the risk of non-compliance.
- (g) Approve or reject changes to projects with high impact on timelines and budget.
- (h) Assess the progress on projects and provide relevant reports on same to executive management.
- (i) Advise and provide guidance on issues relating to cyber security projects.
- (j) Review and approve final project deliverables.
- (k) Manage the relationship between the cyber security function and respective business units.

Notes:

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

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

(F) Governance And Management

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

These include the following:

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

(a) Code of Business Conduct and Ethics Policy

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

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

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

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

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

(b) Directors’ Code of Conduct Policy

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

(c) Insider Trading Policy (Dealing in the Company’s Securities)

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

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

Corporate Governance Report

For The Year Ended 31 December 2020

- (ii) Ensure that all persons to whom the policy applies (affected persons), who possess material non-public information do not engage in insider trading or tipping.
- (iii) Ensure that all the Bank's employees and Directors comply with utmost secrecy and confidentiality on all information which they receive as a result of their position in the Bank; and
- (iv) Protect the Bank and its staff from reputational damage and penalties that may be imposed by regulators as a result of improper identification, disclosure and management of insider trading activities.

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

The Bank has established a mechanism for monitoring compliance with the Policy and affected persons are required to notify the Company Secretary of transactions undertaken on their accounts in the Bank's securities.

Enquiries are also made to confirm the Directors compliance with the Policy and in event of non-compliance, the reasons for same and the remedial steps taken. In addition to being hosted on the Bank's website and SharePoint Portal (an internal web-based application), the Policy is circulated to all affected persons on a regular basis.

(d) Whistle-blowing Policy

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

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

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

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

- i. Email to **ethicscommittee@fidelitybank.ng**
- ii. Visit **www.fidelitybank.ng/whistle-blowing**
- iii. Call **0700-3422- 5489** (Fidelity True Serve)

A policy statement on whistle-blowing is available on the Bank's website along with a whistle-blowing form, to ease the reporting process. This can be accessed at: **<https://www.fidelitybank.ng/whistle-blowing>**

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

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

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

(e) Staff Remuneration Policy

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

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

The guiding principles that underpin the staff remuneration policy include:

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

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

(f) Shareholders' Complaints Management Policy

Fidelity Bank is committed to ensuring that Shareholders' complaints are dealt with in a responsive, efficient and effective manner. To this end, the Bank adopted a Shareholders' Complaints Management Policy in July 2015. The Company Secretary is vested with the responsibility for implementation of the Policy, resolution of complaints and achievement of positive outcomes.

The Complaints Management framework includes the process for receiving, addressing, managing and resolving complaints from Shareholders on issues covered by the Investments and Securities Act (ISA), 2007; Rules and Regulations made pursuant to the ISA, Rules and Regulations of the Securities and Exchange Commission (SEC), and the Nigerian Stock Exchange (NSE) on the trading of the Bank's securities and guidelines of recognized Trade Associations.

The objectives of the Policy include:

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

(g) Gender Diversity

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

(h) Fraud & Forgeries

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

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

(i) Governance And Compliance

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

(j) Clawback Policy

In accordance with the provisions of the Nigeria Code of Corporate Governance issued by the Financial Reporting Council of Nigeria, Fidelity Bank has adopted a formal Clawback Policy which allows the Board to require, in specific situations, the reimbursement of short-term or long-term variable pay benefits, pay-out or gain received by a Covered Person that is later found to be underserved, excessive or wrongfully paid. The key objective of the policy include:

- (a) To enable the Bank recover from any current or former Covered Persons, any incentive-based compensation paid or payable, that was determined, in whole or in part, based on any financial or operating results of Fidelity Bank, and which turns out to have been erroneously or excessively awarded to the Covered Persons, due to material noncompliance with any financial reporting requirement under applicable laws or wrongful act committed.
- (b) Promote compliance with global regulatory trends and corporate governance requirements, with emphasis on long-term sustainability.
- (c) Align Covered Persons' remuneration with the Bank's performance, shareholders' interests, and a prudent approach to risk management, while avoiding any excessive or erroneous pay out.

There was no incident of clawback during the reporting period.

(k) The Company Secretary

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

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

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

An abstract graphic of a building facade composed of a grid of thin, light blue lines. The grid is slightly curved and recedes into the distance, creating a sense of depth and perspective. The lines are spaced evenly, forming a mesh-like structure that resembles a modern architectural design.

**SUSTAINABILITY/
CSR REPORT**

Sustainability

Report 2020

The year 2020 was a life-changing year globally. The emergence of the novel Corona Virus Disease (COVID-19) brought about serious global health risks, high death rate and great uncertainty. Many countries struggled to slow down the transmission of the disease by testing, treating patients, isolating suspected persons, restricting large gatherings, maintaining complete or partial lock downs etc. The pandemic led to significant reduction in income, rise in unemployment, and disruption to economic activities such a manufacturing, services and transport, all due to the emergency measures adopted by many countries including Nigeria.

The Nigerian Banking industry also felt the strain alongside its customers and other stakeholders. Fidelity Bank therefore recognized that there is no better time to standby its customers, employees and the public than a critical time as this. The Bank lent its support in various ways including offering low cost and flexible financing structures through internal initiatives and partnerships with Development Finance Institutions and the regulator.

The Fidelity Bank Business Continuity plan including the Pandemic Response Plan was immediately triggered towards ensuring safety of lives and availability of services to its teaming customer. Meanwhile, the Bank also gave its support through its Corporate Social Responsibility activities.



Commitment to Environmental Social Governance

The 2020 pandemic and its attendant impact has made Fidelity Bank even more committed to Sustainability. The Bank recognizes that its longevity depends on its tenacity and discipline to conform by sound Environmental Social Governance practices. As a purpose driven institution, we embrace the concept of Sustainable Development while aligning same with the vision to be the number one Bank in every market we serve and every branded product we offer. Fidelity Bank remains committed to delivering value edge product and services with the goal of achieving outstanding business growth, innovation and performance in the most sustainable manner.

We understand the significant role we play in driving economic growth in Nigeria especially through our lending activities and the likely undesirable impact such investment can present to the environment and our people if not adequately managed. We therefore commit to ensuring that our lending decisions meet the tripod objectives of economic viability, environmental responsibility and social relevance. This way, we continue to ensure that the costs of economic development do not fall disproportionately on those who are poor or vulnerable, that the environment is not degraded in the process, and that renewable natural resources are managed sustainably. With this understanding, Fidelity Bank will continue to observe relevant local and international standards such as the Nigerian Sustainable Banking Principles (NSBP), Equator Principles, the International Finance Corporations (IFC) Performance Standards, World Bank Environment Health Safety Guidelines and other best practice standards in managing environmental and social risks in our operations as well as that of clients we finance.

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

At Fidelity Bank, we understand that our clients' projects/operations are exposed to environmental social governance issues hence our lending decisions could, in uncontrolled circumstances, produce negative environmental and social impacts. Consequently, we have developed systems and processes to identify, assess, mitigate, monitor and report such impacts. Our comprehensive E&S Risk Management Systems which is well entrenched in the Bank's Credit processes, afford the Bank the opportunity to help clients secure long-term sustenance of their businesses. By so doing, we meet our own objective of engaging in responsible banking. In line with the strategic aspiration to become a Tier 1 Bank, the Bank aspires to be a leader in the provision of sustainable financing products by ensuring Environmental Social and Governance criteria remains a major consideration in product development and all client engagements.

Compliance with Equator Principles

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

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

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

Fidelity Bank has continued to strengthen its environmental and social risk management systems. The environmental and social risk assessment procedures form an integral part of the Bank's credit analysis process. Every business-related credit is screened against a set of Environmental and Social Risk criteria and then classified based on category definitions. Measures to mitigate identified risks are presented as part of loan preconditions and covenants. Fidelity Bank has also instituted measures including maintaining a robust database that supports effective monitoring and reporting on credits assessed to E&S requirements. Although physical monitoring activities were impaired by the COVID-19 pandemic in the year, monitoring was conducted through the receipt of regular reports from customers and supported by virtual meetings (where required). When engaging with our customers, we endeavor to provide education on approaches to achieving long-term sustainability through identification and management of environmental and social risks and opportunities.

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

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

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

Below, we report our project finance activity, in line with Equator Principle IV requirements for the period, January 1 to December 31, 2020. During the review period, Fidelity Bank did not participate in any project-related refinance and project-related acquisition finance, project finance related advisory services, project-related corporate loans and bridge financing, as defined in the Equator Principles:

Project Finance - Sector Reporting

Sector	E&S Risk Categories		
	A	B	C
Mining	0	0	0
Infrastructure	0	0	0
Oil and Gas	1	0	0
Power	0	0	0
Others	1	0	0
Total	2	0	0

Project Finance - Regional Reporting

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

Project Finance – Country Designation

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

Project Finance – Independent Review

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

Managed SME Scheme As A Vehicle For Poverty

Fidelity Bank recognizes the crucial role played by Small Medium Enterprises (SMEs) in the growth and development of the economy. Such enterprises remain the engine of economic growth of the nation as they stimulate economic activities thereby creating employment, alleviating hunger and poverty and promoting general prosperity. However, the outbreak of the novel corona virus Disease (COVID-19) in 2019 resulted in a great impact on the global economy, which did not leave out Nigeria and businesses including SMEs. There was so much uncertainty as oil prices crashed, reduced foreign exchange income, high volatility in foreign exchange rate, rising prices all impacting lives. Beyond the traditional challenges faced by SMEs, the pandemic affected chances of survival of many in no small measure, hence the need to support the economic side-effects of the pandemic.

In keeping with our commitment to support and help the Nigerian SMEs grow and transform their businesses especially ensuring their survival during the pandemic, we designed and implemented a number of initiatives. Working with our partner Development Finance Institutions (DFIs) such as the Bank of Industries (BOI), Development Bank of Nigeria (DBN) to avail lower interest rate loans with flexible repayment structures to support SMEs distressed cashflows. Similarly, management approved reduction of interest rates on our internal SME Quick Loan products.

In the area of business management capacity building for existing and aspiring entrepreneurs, we transformed our weekly Fidelity SME Forum radio programme to a TV show via a digital channel. The programme now runs on Instagram TV bringing on broad subject matter experts to share knowledge and insights to our over 3 million viewers. Through this medium, we have continued to empower entrepreneurs by helping them adopt new strategies for business recovery and sustainability in the face of the COVID-19 pandemic.

As evidence of our commitment to the support of SME businesses, our SME customer footprint as at date is in excess of 400,000 customers across Nigeria.

Contributing To Greenhouse Emissions Reduction

Fidelity Bank understands that the COVID-19 pandemic affected human lives globally presenting serious health risks with consequent negative economic and social impact arising from shutdown of economic activities globally. However, the actions taken to manage the pandemic by different countries led to some environmental benefits. Following the lockdown in Nigeria, our over 250 branches and Head Office facilities shut down to customers while only a few critical staff who ensured availability of our digital channels worked onsite the Head Office. The Bank for the rest of 2020 worked at 50 percent staff capacity onsite its Head Office and Branches due to the social distancing requirement. During this time, the Bank's energy requirement reduced substantially, thereby significantly reducing our carbon footprint.

Fidelity Bank in continuation of its commitment to pursue greenhouse gas emission reduction commenced implementation of its Sustainable Power Solution in 2019 with the installation of Solar energy in part of the Head Office and some Lagos Branches. The Bank in 2020 earmarked more Branches bank-wide for the solution to further reduce its carbon footprint. To fulfil the requirements of our environmental strategy, which is geared towards adoption of cleaner energy and efficient resource use, electronic equipment such as air conditioners are being replaced with low energy consuming ones while we continued in the use of LED lightening across the Bank. Again, the Bank continued its strict implementation of the early closure policy, which mandates Branch Management to shut down power by 6pm at the Branch Offices, and thus reduce power consumption from fossil fuels and associated carbon emissions.

Although the employee split-work policy in 2020 due to the pandemic reduced home-to-work commuting, Fidelity Bank while observing all social distancing rules and safety practices continued to maintain its fleet of staff buses which offers well over 600 members of staff free home-to-work commuting services every workday minimizing the number of vehicles driven by staff and the associated GHG emissions. While this gesture serves to promote employee welfare, it also contributes to the Bank's overall greenhouse emission reduction.

Guided By The International Bill On Human Rights

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

Our Bank has always been committed to upholding Human Rights and has continued to identify with the International Bill on Human Rights in line with the conventions of the International Labour Organization. To demonstrate this resolve, the Bank in dealing with employees, suppliers and third-party contractors, ensures fair treatment without any form of discrimination or disregards for human rights.

Our Diversity Policy articulates a corporate culture which not only supports workplace diversity and inclusiveness but also recognizes that employees at all levels of the Bank have a role and responsibility in fulfilling this objective.

The representation of employees per employee category in each of the following diversity groups as at December 31st, 2020 are as summarized below:

Gender Distribution of Employees

Gender	Percentage Representation (%)
Female	45.4%
Male	54.6%
Total	100%

Board Seat - Gender Composition

Gender	Percentage Representation (%)
Female	14.3%
Male	85.7%
Total	100%

Age Group Distribution

Age	(%) Representation
21 - 25	5.9%
26 - 30	17.5%
31 - 35	12.8%
36 - 40	31.5%
41 - 45	22.9%
46 - 50	7.6%
51 - Above	1.9%
Total	100%

Fidelity Bank is committed to the development of an engaging and inclusive work environment with the objective of ensuring employability, skill development and fair remuneration. Our training institute, Fidelity Crest Academy, organizes different capacity training programs for employees. Below is the average hours of training per annum per employee by employee category:

Average hours of training per annum per employee by employee category

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

In her continued bid to support employee welfare, Fidelity Bank has a number of compensation benefits accessible to all employees irrespective of gender. The benefits includes Share of Profit and/or Dividend, yearly provision of Essential Commodities (Essenco), Status Car, Study Leave, HMO, Reimbursement of Certification Courses Exam Fees, Burial Support, Wedding Grant, Professional & Club Membership, Offshore Trainings, Personal Loans, Maternity Leave, annual medical check-up, COVID19 patients special medical support, etc. Fidelity Bank maintains effective Whistle Blowing policies, and grievance mechanism policies for prompt identification and remediation of grievances.

Again, our HR Clinic initiative has continued to provide an interactive one-on-one meeting between the HR team and employees bank-wide. This Initiative creates opportunity for feedback on HR processes, counselling to staff (including stress management) and promotes freedom of expression.

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

Health Policies

The Bank in its commitment to support good health and wellbeing recognizes her workforce as one of her strategic assets with a competitive advantage for sustainable business success. This commitment to drive high standards in health and safety management led to the Bank's certification by the British Standard OHSAS 18001 on Occupational Health and Safety Management Systems in 2018 and in 2020 was upgraded to ISO45001.

Fidelity Bank's Corporate Membership of the British Safety Council, an Occupational Health and Safety Standards UK awarding body has always placed the Bank at an advantage. The Bank has in place, a robust Occupational Health and Safety Management Systems as well as appointed safety champions and fire wardens with day-to-day responsibility for the management of Health and Safety in the institution. The safety champions and fire wardens are trained regularly and have been certified by the World Safety Organization. On a regular basis, awareness materials on Health and Safety are communicated to all employees while formal trainings are conducted through the Bank's Thursday Lecture Series and through E-learning platforms, with all employees benefiting. In 2020, no job related fatality was recorded in the Bank.

Additionally, the Bank in supporting the good health and wellbeing of every employee adopts best practices that cater for their healthcare using appropriate medical intervention through HMO services, guidance and counseling, cancer care treatment, annual medical check-up, equal opportunity policy structures and workplace inclusiveness. In 2020, the Bank sustained the collaboration with the HMO to operate an In-house Medical Bay with a sit-in Medical Doctor and Nurse to provide primary health care to staff around the Lagos and Victoria Island environs.

A. HIV/AIDS

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

B. COVID-19

In a bid to preserve the health and wellbeing of staff and customers during the COVID-19, Fidelity Bank adhered strictly with the safety guidelines and protocols from the government. Facemasks and hand sanitizers were made available to all staff. Surfaces were disinfected regularly, thermometers used and sanitizers made available for all visitors to the Bank and the required social distancing requirement complied with in our Banking Halls and at all our facilities. The Board and Management of the Bank approved a split-work practices which allowed only 30 percent of its workforce onsite in the first instance, however with increased economic activities, the percentage was geared up to 50 percent which was maintained for the rest of 2020 to ensure adequate social distancing.

Fidelity Bank sponsors the PCR test for staff who are exposed to either an index or a suspected index. Staff that are positive are availed a palliative to get treatment/medication and any staff with life threatening symptoms are referred to one of the specialized hospitals recommended by Government for treatment at the bank's cost.

In addition, vulnerable staff members are exempted from the on-premise shift arrangement and equipped to work remotely. Environments where there is suspected or confirmed index are immediately shutdown for decontamination while the business continuity plan is triggered to enable our customers get the full services despite the pandemic. Screensavers on COVID-19 were activated and weekly literature/updates are circulated to staff for continued sensitization.

The Bank's commitment in tackling the COVID-19 pandemic is further shown by the setting up of a COVID-19 Advisory Committee headed by an Executive Director and responsible to the Executive Committee and Board.

Empowering And Creating Opportunities For Women

Fidelity Bank recognizes the role of women in the society and the significant contributions they can make to economic development of any society. When a woman is empowered, she has the willpower to elevate herself out of poverty and contribute significantly to family income.

Recognizing that women are often prevented from realizing their economic potentials because of gender inequity, Fidelity Bank is committed to creating opportunities for them in its employment as well as through lending and advisory activities. The Bank's gender diversity policy framework provides the structural entrenchment of gender diversity within the Bank to actively facilitate a more diverse and representative workforce.

In this regard and in compliance with the Central Bank of Nigeria requirement, Fidelity Bank ensures adequate female representation in its workforce. The appointment of its first female MD/CEO effective January 01, 2021 is one of the Bank's several decisions to support the empowerment of its female employees as well as welfare of their families.

As at December 31, 2020, Fidelity Bank had 45.4% female representation in its total workforce. The bank at the end of 2020 also had 14.3% women representation on the full Board and 33% of all executive directors being women. Also given the Bank's commitment to ensure equity in employee development, 28% of total expenditure on capacity building was spent on female employees. In addition, female employees are given adequate access to the staff health care program as well as financing schemes available in the Bank.

In 2020, we marked the International Women's Day with a series of activities, including the 'Giving Her Wings' event which served as a platform to mentor and connect young female entrepreneurs with role models. Our MD/CEO was in attendance, as well as other female model entrepreneurs such as Tara Fela-Durotoye and Linda Ikeji. The event provided a platform for business knowledge education to over 500 women entrepreneurs who attended.

A documentary series was also released to celebrate and empower female entrepreneurs as critical agents of economic transformation in Nigeria. This series features Mariam Lawani (Founder, GreenHill Recycling), Monalisa Chinda-Coker (Award-Winning Actress, Producer and Entrepreneur), and Dr. Yetunde Ayo-Oyalowo (Founder, Market Doctors).

In the first quarter of 2020, all editions of the 30-minutes capacity building radio program, the Fidelity SME Forum, was dedicated to showcase successful women entrepreneurs who have remarkably performed well in their respective fields. These model entrepreneurs who are subject-matter experts shared their knowledge and experiences on air, provided insights and encouraged existing and prospective entrepreneurs especially the females.

Timely Reporting And Transparent Disclosures

Relevant statutes and codes guide Fidelity Bank on Corporate Governance including the Company and Allied Matters Act (2020). Fidelity Bank seeks to provide accurate and timely information regarding its lending and advisory activities as well as more general information in accordance with its corporate governance practices.

The Bank recognizes the importance of disclosure of information, for itself and its clients, as a means of managing environmental, social and governance risks. To guard against the risk of financial crime within our business, we focus on training our employees, strengthening our screening systems and ensuring that our policies and procedures are effective and up to date.

Code Of Ethics And Insider Dealing

Fidelity Bank continues to pride itself in its long-standing good professional and ethical reputation sustained through a combination of policies, systems and cultural practices. The Bank has a Code of Business Conduct and Ethics Policy, which clearly communicates the Bank's zero tolerance for corruption, money laundering, bribery, abuse of office and similar transgressions.

Our Ethics Committee ensures provisions of the Policy are communicated to all staff at the start of each year, followed by individual staff attestation to comply with the provisions. Trainings on ethics and bribery/anti-corruption are a part of the Bank's Induction programme for new staff and periodic lectures on ethics are held in ensuring ethical standards are enshrined in staff throughout the year. Staff members have become increasingly aware of the need to maintain high ethical standards in pursuit of their daily activities and engagement with colleagues, customers and stakeholders.

During the year, Fidelity Bank joined the Global world in celebrating the Ethics and Compliance Week by marking it with different activities that speaks to its core value and ethical standards.



Fidelity Bank has in place a Whistle Blowing Policy, which encourages internal and external stakeholders to report their concerns about any unethical behavior to enable the Bank investigate and address promptly. The Bank's Whistle Blowing Application is hosted on its website in addition to dedicated telephone line and email address for anonymous reporting to the Bank.

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 Policy is communicated to all persons to whom it is applicable. 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 account in the Bank's securities.

Fidelity Bank's Anti-Bribery and Corruption Policies and procedures are communicated regularly to employees and management in the Bank while at the beginning of the year each staff mandatorily signs an attestation to comply with the provisions of the policy. There were no fines paid by the Bank on account of any of its staff being found wanting on cases of Bribery and Corruption in 2020. The Bank also did not contravene any environmental law and regulation in the year hence no monetary fines paid. As a responsible Financial Institution, we will continue to embrace adaptation measures that promote sustainable investment.

Fidelity Bank is committed to being responsive to the needs and concerns of customers and to ensure that their rights are protected at all times in accordance with consumer protection legislation and contractual requirements. In support of this commitment, the Bank has a Consumer Protection Policy as well as a Complaints Handling Policy. Trainings and awareness campaigns for all staff on the provisions of the policies are held periodically on a continuous basis. The bank's Customer Contact Centre and Customer Complaints touchpoints are committed to upholding these standards at all times.

Collaborating With Partners

Fidelity Bank recognizes that it can achieve greater results with combined efforts rather than acting alone. The Bank therefore endeavors to collaborate with clients who identify and manage environmental and social risks and who pursue environmental and social opportunities and outcomes in their business activities with a view to continually improving sustainability performance. Fidelity Bank participates actively in sector-wide efforts and international initiatives to promote sustainable development. Fidelity Bank is a signatory to the United Nations Environmental Program-Finance Initiative (UNEP-FI), United Nations Global Compact, and Equator Principles. The Bank actively participates at the Sustainable Banking Champions Industry meetings and is a member of the National Financial Inclusion Technical Committee representing the Banker's Committee. Fidelity Bank also collaborates with the Nigerian Conservation Foundation (NCF) on environmental advocacy initiatives.

Leading By Example In E&S Footprints Management

Fidelity Bank strives to lead by example in the management of environmental and social management practices. We work to manage the E&S concerns associated with our internal operations and undertakings by making sustainability considerations a fundamental part of everyday decision making in our offices wherever located. The Sustainable Banking Governance Committee with membership at Executive and Senior management levels oversee the implementation of the Bank's Sustainable Banking Policy. The Committee ensures best practice in Environmental Social and Governance standards are pursued within the Bank's operations. Following the Committee's regular sittings since 2018, various projects and activities have been executed while others are ongoing.

The Bank in 2020 continued in its stride in Sustainable Power implementation by earmarking more branches bank-wide for the project, this is following the installation of solar energy in a part of the Head Office and some Lagos Branches in 2019.

Fidelity Bank has continued to maintain the 6pm mandatory early operational closure policy at all its Branches thereby impacting overall power use and carbon emissions. Again, environmental and social considerations are now factored into the Bank procurement decisions while vendors have integrated in their SLAs environmental and social risk requirements. Fidelity Bank understands that water scarcity remains a serious global social challenge and with this realization is committed to ensuring that it manages the use of water resource efficiently. To this end, water flow meters were installed in all facilities of the Bank in 2020 to allow effective monitoring of reductions in water consumption.

The COVID-19 pandemic brought numerous changes in the corporate work practice such that virtual communication became the norm. To ensure we adapt to this changes, more automation of our processes took effect in the year. An example is the development of the Fidelity e-Signature portal that allows documents move through the approval process electronically thereby reducing the need to use papers. This has led to a significant reduction in the use of papers in our Bank.

Through the Fidelity Bank Waste and Pollution Management Policy, the Bank commits to increasingly promote good waste management practices in line with local regulation and best practice. During the year, we commenced implementation of waste segregation and recycling at the Head Office facilities and appointed an accredited Recycling Company to manage our wastes. This initiative will be extended to other Branches following the completion of the pilot programme.

Also in the year, the Sustainable Banking Management Systems portal went into full use in gathering Sustainability data across its branches and facilities for effective monitoring as well as support internal and regulation reporting.

Fidelity Bank has continued through its Corporate Social Responsibility activities to strive for positive social contributions in communities to reduce poverty, support education, improve health, providing basic needs and increasing long-term employment through the Bank's central CSR platform as well as through a vehicle known as the Fidelity Helping Hands Program (FHHP).

The FHHP project is an employee volunteer program, which allows employees contribute towards community projects, while the Bank supports with a matching fund and allows execution in paid time. Branches, divisions or departments of the Bank is saddled with the responsibility of identifying pressing needs in their immediate communities, ascertain the cost and make personal financial contributions towards execution. The concerned branch work with the Corporate Social Responsibility team for the matching fund, execution and commissioning. The Bank ensures that the desired outcomes from the investments are in line with the objectives of the Sustainable Development Goals.

In 2020, the Bank focused its overall CSR activities on Education, Youth Empowerment, Social Welfare, Health and Environment with the highest contribution going to Health (33.60%), followed by Education and Youth Empowerment 24.69% while Environment and Social Welfare had 20.96% and 20.75% respectively representing the total investment by the Bank.

During the year, the Bank joined other private sector organizations in Nigeria in the fight against COVID-19 to form the Coalition Against COVID-19 (CACOVID). Through this platform, the Bank made financial contributions to the COVID-19 relief fund to support the Federal Government in combating the pandemic.

In addition, Fidelity Bank built a 50-bed isolation Centre in Anambra State and donated to the COVID-19 Trust Fund of Fourteen (14) States of the Federation. This was in the Bank's effort to extend its support in containing the spread of the virus and also to ensure that patients get the care they need and frontline workers get essential supplies and equipment; and to accelerate efforts to provide tests and treatments.

Fidelity Bank birthed the Youth Empowerment Academy in 2016 in recognition of the significant roles the youth population play in economic and social development of a country and the need to deliberately empower them for the future. This initiative, which is in partnership with Gazelle Academy (a foremost Vocational Training Institute), is targeted at undergraduates, empowering the youth in developing entrepreneurial skills to attain self-employment and financial independence. Vocations like fish farming, programming language coding, phone engineering, baking and confectionary, tailoring, cloth embellishment, beauty make-over etc. are trained for at the event. The program which has held in seven (7) tertiary institutions across the country has now impacted both directly and indirectly over 4,000 beneficiaries who have gone ahead to start their own businesses and supporting others through trainings to join the business. The beneficiaries, with the support of the Bank, start to earn a living from their businesses, contributing to family income and alleviating hunger and poverty.

In 2020, the Fidelity Bank continued to maintain its environmental advocacy program through financial sponsorship and renewal of membership with the Nigerian Conservation Foundation. Nature conservation and environmental beautification strategies by the Bank also was in collaboration with State and Local Governments to create and maintain green parks in key locations across Nigeria.

The Bank in the year also extended its support to supply essential materials to over a hundred Sickle Cell Warriors across Six States of the Federation during the COVID-19 pandemic through sponsorship and partnership with Sickle Cell Aid Foundation (SCAF).

Deepening Economic Development Through Financial Inclusion

Fidelity Bank's mission is to make financial services easy and accessible to customers. The Bank understands that by creating convenient and affordable products and services to all its customers it stimulates an all-inclusive growth of the economy ensuring the poor, marginalized people and those vulnerable to low economic power, engage in formal economic process through ownership and regular usage of formal financial products and services.

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

In recognition of the bank's efforts in this space, Fidelity Bank received the mandate of the Federal Government to register and open accounts for 128,000 youths participating in the Special Public Works project where youths across the six geographical regions will be engaged in menial jobs to earn monthly stipends. Fidelity bank opened accounts for the beneficiaries, many of which are first time bank account holders.

In addition, Fidelity Bank was one of the first three banks to comply with the integration of SANEF interoperable platform to connect to all super-agents and Mobile Money Operators (MMOs) using a common middleware for account opening processes.

In 2020, the Bank launched the eUniverse solution, a mobile money platform driven by agent network, as this provides the best avenue for reaching the financially excluded and underserved especially the poor and vulnerable. The bank will always continue to identify with projects that will affect the lives of the populace positively and improve their livelihood.

Creating Sustainable Solutions For Our Communities

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

	Supplied 4million Books		Served 2 million IDPS
	Empowered 12,000 Youths		Supplied 5,000 Hospital Equipment
	Built 10 Health Centres		Donated 400 Water Projects
	Rebuilt 10 Skill Centres		Adopted 10 Orphanages
	Constructed 10 Security Facilities		Renovated 300 School Facilities



Awards & Recognitions

		
Lagos Albinism Awareness Society Award of Excellent Service to Humanity	Sickle Cell Advocacy and Management Initiative Special Recognition Award	School Educational and Technical Support Award. In appreciation of SEATS EXPO 2018 sponsorship

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Fidelity Bank Plc
RC 103022

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Corporate Social Responsibility

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

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

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

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

Our CSR initiatives are implemented through:

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

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

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



Beautification of Akin Adesola Roundabout, Lagos



Beautification of Falomo Roundabout, Lagos

The Environment

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

Environmental Beautification:

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

Environmental Protection and Renewal:

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



Garden Beautification at Falomo and Akin Adesola Roundabout

Education

Education is critical to development and in realization of this, Fidelity Bank supports efforts to encourage education at all levels through several projects nationwide. In 2020, the Bank provided educational materials, furniture, sporting materials and renovated four schools across the country. We also actively participate in Financial Literacy enlightenment programmes. However, the emergence of the Coronavirus pandemic hampered our participation in the 2020 FY programme following its postponement until further notice. Staff of the bank visited 30 schools and taught financial literacy to 6,439 students across the country during the year.



L-R Regional Bank Head, Southwest 1, Adebayo Adeyinka, the Bishop of Ibadan Province, Most Rev. Gabriel Adegunrin, CSR Officer, Ernest Chukwuedozie, and the School Principal, Rev. Father Michael Domingo at the official commissioning of the newly constructed borehole and renovation of sanitary facility at Sacred Heart College Ibadan.



CSR Officer, Ernest Chukwuedozie, the Branch Leader Oshogbo, Osagie Igbinigie, the Regional Bank Head, South West 2, Wale Mesioye and the School Commandant, D.S. Yakubu sit on the classroom chairs donated to Command Secondary School, Ede, Osun State.

Youth Empowerment

As a bank, we organise **Skills Acquisition Programmes**. One of such is the **Fidelity Youth Empowerment Academy (YEA)**, which has so far empowered over **4,000** undergraduates of tertiary institutions with necessary skills and training to become financially independent and self-reliant.



Cross section of the participants in training at the Fidelity Youth Empowerment Academy held at Sokoto State University, Sokoto State. Training includes: Fashion Designing, Make-up Artistry, Phone Repairs/Engineering, Cocktails and Fruit Art.

Health/Social Welfare

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

In 2020, our activities in these areas included renovation and furnishing of two hospitals, the provision and construction of boreholes to provide portable water, visits and the provision of food and other essentials to orphanages.



Founder, The Bridge Consult, Dr. Olutayo Oritsesholaye explains the benefits of the drugs administered to beneficiaries to Her Excellency, the Wife of the Governor of Taraba State, Anna Darius Ishaku at the free medical outreach at the IDP camp at Kona Community, Taraba State.



Team Fidelity and the Founder of Vigilant Heart Charitable Organisation, Mrs. May Osawemen display their techniques on the table tennis board donated to the Home.



Team Fidelity with Her Excellency, Wife of the Governor of Adamawa State, Hajiya Lami Ahmadu Fintiri; at the official handover ceremony of essential items donated to Adamawa State Indigenes.

Fidelity Bank Inductees in training donate essential items to Peculiar Saint Orphanage Home, Badore, Ajah, Lagos State.



Fidelity Helping Hands Programme (FHHP)

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

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

1. Renovation And Repair Of Sanitary Facilities At Sacred Heart College, Ibadan Oyo State By Southwest Region 1
2. Donation Of Essential Materials To Living Fountain Orphanage Home, Lagos By Retail Bank Division
3. Renovation Of Sickbay / Donation Of Laptops To Equip The ICT Lab Of National Primary School, Lagos By Inductees In Training
4. Donation Of Essential Materials To Sought After Orphanage Home, Ajah, Lagos State By Inductees In Training
5. The E-Banking Division In Partnership With Sickle Cell Aid Foundation (SCAF) Provided Relief Materials To Individuals Living With Sickle Cell Disease In Nigeria
6. Renovation Of General Hospital at Kafin Madak City In Ganjuwa Local Government Area Of Bauchi State By Bauchi Branch
7. Jalingo Branch Provided Free Medical Outreach To Internally Displaced Persons at Kona Community In Taraba State.
8. Donation Of Essential Materials To Peculiar Saint Orphanage Home, Badore, Ajah Lagos By Inductees In Training
9. Renovation And Equipping Of ICT Centre And Provision Of Internet Services At Goodnews Humanitarian Foundation, Uyo, Akwa-Ibom State By Uyo 2 Branch
10. North East Region In Partnership With Jewel Care Foundation Provided Free Medical Outreach To Indigenes Of Gombe State
11. Donation Of Essential Materials, Laptop And Table Tennis Board To Vigilant Heart Charitable Society, Lagos State By Inductees In Training
12. Renovation Of Sanitary Facilities At Department Of Medicine, LUTH, Lagos State By Corporate Banking Division
13. Renovation Of Class Room Blocks And Sanitary Facility At Community Secondary School Agobi Iwollo, Enugu State By Trans-Ekwulu Branch.
14. Provision Of 80 School Chairs And Tables To Command Secondary School, Ede, Osun State By Oshogbo Branch.

In a bid to curb the spread of the novel Corona Virus in Nigeria, the Bank extended its support by way of donations to States Governments in the 2020FY.

Fidelity Bank donated funds to:

1. Coalition Against COVID-19 (CACOVID)
2. Sokoto State Covid-19 Trust Fund.
3. Benue State Covid-19 Trust Fund.
4. Zamfara State Covid-19 Trust Fund
5. Kano State Covid-19 Trust Fund
6. Bornu State Covid-19 Trust Fund
7. Yobe State Covid-19 Trust Fund
8. Donation of 50-Bed Isolation Centre in Anambra State.
9. Taraba State Covid-19 Trust Fund
10. Katsina State Covid-19 Trust Fund
11. Jigawa State Covid-19 Trust Fund
12. Plateau State Covid-19 Trust Fund
13. Birnin-Kebbi Covid-19 Trust Fund
14. Nasarawa State Covid-19 Trust Fund
15. Gombe State Covid-19 Trust Fund
16. Adamawa State Covid-19 Trust Fund



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



Fidelity Helping Hands Programme (FHHP) activities in pictures



Through the Bank's FHHP, the Fidelity Bank staff provided a new water pumping machine, renovated the sanitary facility at Olomo Pry School, Ajah and also donated 100 life vest to indigenes of Ibaoloja Community, Ibeju-Lekki.



Fidelity Bank partnered with the Sickle Cell Aid Foundation (SCAF) to provide relief materials to Sickle Cell Warriors during Covid-19 outbreak. The bank also teamed up with the Lasgidi Recyclers in a cleanup Lagos project. We also collaborated with The Bridge Medical Consult to offer free medical outreach at Owoyibo Community in Delta State.



Nothing Bind Us More To You Than A Promise Kept

We Are Fidelity, We Keep Our Word.



Retail Banking

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REPORTS

Compliance Report

Compliance Management Philosophy and Culture

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

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

Regulatory Pressure

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

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

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

The Compliance Framework

The bank has a Compliance Division that is bestowed with the responsibility of management of compliance and related regulatory risks. The Division is responsible for promoting compliance with statutory and regulatory requirements and the Anti-Money Laundering (AML), Combating Financing of Terrorism & Proliferation (CFT&P), Know Your Customer (KYC) and other related programmes of the Bank. The Bank leverages relevant technology to enable it cope with the ever evolving regulatory compliance environment and requirements that ensures that we deliver excellent services to our customers.

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

- An independent Compliance Division with a Chief Compliance Officer (CCO) at senior management level and an Executive Compliance Officer (ECO) at Board level to oversee the compliance function, and report to the Board. The Bank provides sufficient human and material resources to the Compliance Division to ensure its effective management.
- Incorporation of AML/CFT & P risks into the Enterprise Risk Management framework.
- Adequate allocation of Compliance Officers in Head Office, Regional Offices and Branches of the Bank through our Cluster arrangements to effectively cover all identified risks.

- Compliance risk profiling of customers, products and services is conducted as part of the compliance function and based on the outcome, a compliance risk grid of high, medium and low risks for customers, products and services is generated, which determines the application of necessary mitigating controls.
- There are well-defined compliance communication processes and feed-back mechanisms for identified compliance risks to ensure effective management of the processes in order to ensure corrective actions are promptly, effectively and efficiently taken.
- The Bank has designed and implemented an effective and robust whistle-blowing framework which encourages concerned persons to report genuine matters confidentially through active and dedicated media.
- The Bank's Code of Business Conduct and Ethics Policy is made available to every staff to read and understand, and each required to sign an annual attestation to ensure compliance.

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

Fidelity Bank implemented an Anti-Money Laundering and Combating the Financing of Terrorism & Proliferation of Small Arms (AML/CFT&P) Framework that is constantly reviewed to ensure compliance with the provisions of the Money Laundering (Prohibition) Act 2011 (as amended); the Terrorism (Prevention) (Amendment) Act 2013; the Central Bank of Nigeria AML/CFT Regulations 2013 (as amended), the Terrorism Prevention Regulations 2013, CBN AML/CFT Regulation 2103 (as amended), CBN AML/CFT Administrative Sanctions Regulation 2018, the Financial Action Task Force (FATF) recommendations and other relevant local and international principles and regulations guiding AML/CFT & P.

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

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

We have a properly documented Operations Policy and Procedural Manual (OPPM), Compliance Operations Manual, Internal Control Process Manual, Code of Business Conduct and Ethics Policy and Know Your Customer (KYC) Policy Manual among other documents that guide our AML/CFT & P activities. These documents cover the following:

- Scope of the AML/CFT&P framework.
- Board and Management roles and responsibilities.
- Reports to Board and Senior Management.
- Customer Due Diligence (CDD)/Know Your Customer (KYC) and Risk Categorization.
- Transaction Monitoring.
- Basic Statutory Reports.
- Politically Exposed Persons (PEPs).
- Sanctions Compliance Management (Sanctions screening and filtering of sanction list/ watchlist).
- Employee training.
- Correspondent Banks.

Compliance Report

- Customer records.
- Testing adequacy of the framework through independent review by Internal and External Auditors.
- Cooperation with Regulators and Law Enforcement Agencies.

Board and Management Responsibilities

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

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

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

Reports to Board and Senior Management

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

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

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

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

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

Transaction Monitoring

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

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

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

Basic Statutory Reports

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

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

Politically Exposed Persons (PEPs)

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

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

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

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

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

Fidelity ensures that all accounts, customers’ relationships on-boarding and transactions are filtered through several watch-lists or sanction lists before they are completed. This is a continuous exercise that ensures that we mitigate against maintaining relationships with blacklisted persons or entities.

Apart from keeping and regularly updating the list of watch listed persons and entities, we also subscribe to the use of international screening systems like The SWIFT sanctions screening for screening of inbound and outbound wire transfers and Acuity (by Bankers Almanac) for screening of local transactions against all lists including private and public lists provided by recognized third party list providers and PEPs.

Sanction Lists

Fidelity Bank's watchlist includes the following:

- US Treasury Office of Foreign Assets - OFAC-SDN (Specially Designated Nationals) and FSE (Foreign Asset Evaders) - The main sanction list for the U.S. Government.
- International United Nations Consolidated List - The main sanction list issued by the United Nations.
- FATF Black-List/NCCT List - The FATF (Financial Action Task Force) blacklist is also referred to as the list of "Non-Cooperative Countries or Territories" (NCCTs). This is a list of countries, which are perceived to be non-cooperative in the global fight against Money Laundering (ML) and Terrorist Financing (TF). The list is modified from time to time by either adding or deleting, based on current status of the countries.
- Her Majesty's Treasury (United Kingdom).
- European Union (EU).
- Canada - Office of Superintendent of Financial Institutions - OSFI-UN.
- Australia Department of Foreign Affairs and Trade DFTA.
- The Ministry of Economy, Finance and Industry (France).
- The Nigerian List.

AML/CFT&P Training

Fidelity Bank conducts regular and continuous AML/CFT&P training for staff, management and the Board. Apart from being a regulatory requirement, we also do this to ensure that every member of staff has a good understanding of the AML/CFT&P and KYC requirements and also understand their roles and responsibilities as well as sanctions/penalties attached to violations and failure to comply.

Due to the COVID -19 pandemic, our entire training program is now conducted virtually and via our online learning arrangements. We also ensure that new intakes get first-hand information on this during their induction.

Covid-19 ML/TF Risks

Covid-19 presented new ML/TF risks, such as Increasing Business Email Compromise (BEC) and ransomware attacks; Increasing misuse of online financial services to move and conceal illicit funds; Diversion or misuse of payment of FGN relief package and State COVID-19 relief packages; and increase in Phishing attacks. The bank's response was to further strengthen its defense mechanism by introducing specific controls that include:

1. Sending notifications to customers on potential fraud via the electronic channels. These were targeted at customers that newly enrolled on the on-line channel as a result of COVID-19 pandemic.
2. Transactions alerts focused on transactions in government accounts to enable our monitoring team carry out further due diligence on suspicious transactions.
3. Strengthening the transaction monitoring desk by deploying additional personnel to the Foreign Trade Desk.
4. Continuous sensitization of staff on Business Email Compromise and other cyber-threats.

5. Monthly phishing simulation test on staff as it relates to teleworking and COVID-19 phishing techniques of cybercriminals. Staff who failed the continuous phishing test were profiled for further engagement and remedial actions where necessary.
6. Improvement in the workings of applications and alert rules to monitor and flag phishing attempts.
7. Implementation of cyber threat intelligence solution that provide intelligence on phishing attacks and business email compromise
8. Implementation of Microsoft Windows Defender Advance Threat Protection that provides protection against malware and ransomware on the mobile devices of staff and other endpoints
9. Monthly cyber security tips to staff on common phishing and general cyber-attack techniques
10. Measures to ensure full compliance with all relevant protocols advised by the Federal Government, Nigerian Center for Disease Control (NCDC), the World Health Organization (WHO) and other statutory agencies
11. Suspicious Transaction Reports were submitted to the Nigeria Financial Intelligence Unit (NFIU) on suspicious transactions pertaining to the COVID-19 pandemic

Our training program is a combination of structured in-plant, classroom and online learning arrangements. We also ensure that new intakes get first-hand information on this during their induction.

The basic elements of the employee training program are expected to include:

- AML/CFT&P regulations and offences.
- The nature of money laundering.
- Money laundering 'red flags' and suspicious transactions, including trade-based money laundering typologies.
- Reporting requirements.
- Customer due diligence.
- Risk-based approach to AML/CFT&P.
- Record keeping and retention policy.

Correspondent Banks - AML/CFT&P Due Diligence

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

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

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

Customer records

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

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

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

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

Cooperation with Regulators and Law Enforcement Agencies.

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

Foreign Account Tax Compliance Act (FATCA)

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

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

Under the agreement, the FFI is required to:

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

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

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

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

Internal Control System

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

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

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

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

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

Control Environment

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

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

Our Board and Executive Management sets the right tone from the top and ensures the right messages are passed across. The Board Audit Committee oversees the activities of the control function. During its quarterly meetings, it obtains reports that enables it review and assess the adequacy of the Bank's internal controls.

Also, the management Operational Risk and Service Measurement Committee meets monthly to review the adequacy of internal control processes and make recommendations for improvements. They also receive and review reports of the external auditors and regulators on the adequacy of the internal control system.

Risk Assessment

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

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

Control Activities

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

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

Information and Communication

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

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

Monitoring Activities

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

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

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

Fraud and Forgeries

The Bank implemented different mitigating measures to reduce/eliminate fraud and forgeries in 2020. These include:

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

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

- (i) Implementation of mandatory Personal Identification Number requirements for all POS transactions for debit cards except for hotels and web.
- (ii) Implementation of One Time Password (OTP)/second factor authentication for web and Online Banking transactions.
- (iii) Acquisition of Enterprise Fraud Risk Management solution that when implemented has capacity to build behaviour-based rules as well as monitor and block suspicious electronic transactions. This is currently being implemented.
- (iv) Establishment of 24/7 Electronic Anti-Fraud Unit that monitor, and take immediate action on suspicious transaction patterns and also resolve customer complaints.
- (v) Relocation of the Electronic Anti-Fraud Unit to the Security Operation Centre to increase synergy among the Cybersecurity Group.

Cybersecurity

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

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

In recognizing the need for cyber intelligence and in compliance with CBN Risk-Based Cyber Security Framework, the Bank has established a functional Security Operations Centre (SOC). The cyber operations have commenced and are growing to the target maturity level. The implementation is placing the Bank to effectively counter the emerging cyber threats.

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

Customer complaints and feedback

At Fidelity Bank, all relationships are invaluable and the Bank considers customers' complaints a gift. This is because customer complaints are seen as an opportunity for improved services to a dissatisfied customer who could have walked away to competition.

Customer complaints can arise from people issues, system/process failures, product complexity and other factors. Fidelity Bank therefore appreciates such feedback or complaints from customers and ensures timely resolution and process/product improvement.

Complaints Channels

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

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

Complaints Handling

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

Customer Complaints and Protection Department

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

Complaints tracking and reporting

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

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

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

A break-down of complaints received and resolved by the bank from January 1 to December 31, 2020 are provided in the schedule below:

S/N	Description	Number of Complaints		Amount Claimed		Amount Refunded	
		2020	2019	2020 (million)	2019 (million)	2020 (million)	2019 (million)
1	Pending Complaints B/F	79	87	19,964	4,911	N/A	N/A
2	Received Complaints	1,217	1,304	8,454	25,475	N/A	N/A
3	Resolved Complaints	1,233	1,312	26,340	10,422	595	399
4	Unresolved complaints escalated to CBN for intervention	3	-	76	-	N/A	N/A
5	Unresolved complaints pending with the Bank C/F	60	79	2,002	19,964	N/A	N/A



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

For the year ended 31 December 2020

In compliance with the guidelines of Section 2.8.3 of the Central Bank of Nigeria (CBN) Revised Code of Corporate Governance for Banks in Nigeria Post Consolidation (“the CBN Code”), the Securities and Exchange Commission (SEC) Code of Corporate Governance (“the SEC Code”) and Section 14.1 of the Nigerian Code of Corporate Governance 2018 (“NCCG”), 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 2020. The Codes recommend an annual appraisal of the Board with specific focus on the Board’s structure and composition, responsibilities, processes and relationships, individual Director competencies and respective roles in the performance of the Board.

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

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

On the basis of our review, the Bank’s corporate governance practices are largely in compliance with the key provisions of the Codes. Specific recommendations for further improving the Bank’s governance practices have been articulated and included in our detailed report to the Board. These include recommendations on the continuous oversight on the succession planning process and the whistleblowing mechanism.

Olumide Olayinka

Partner, KPMG Advisory Services
FRC/2013/ICAN/00000000427
5 March, 2021

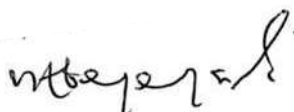
Statement Of Corporate Responsibility For The Financial Statements

For the year ended 31 December 2020

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

- i. The audited financial statement do not contain any untrue statement of material fact of omit to state a material fact. Which would make the statement misleading.
- ii. The audited financial statement and all other financial information included in the statements fairly present , in all material respects ,the financial condition and result of operation of the bank as of and for the period ended December 31, 2020.
- iii. The bank's internal Controls has been designed to ensure that all material information relating to the bank has been provided to the Auditors in the course of the Audit.
- iv. The bank's internal controls were evaluated within 90 days of the financial reporting date and are effective as of 31 December 2020,
- v. That we have disclosed to the bank's Auditors and the Audit Committee that there are no significant deficiencies in the design or operation of the bank's internal controls which could adversely affect the bank's ability to record, process, summaries and report financial data, and have discussed with the auditor's any weaknesses in internal controls observed in the cause of the Audit ; And that there is no fraud involving management or other employees which could have any significant role in the bank's internal control.
- vi. There is no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of this audit, including any corrective actions with regard to any observed deficiencies and material weaknesses.

15 March, 2021.



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



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



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

For the year ended 31 December 2020

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

- (a) Appropriate internal controls are established both to safeguard the assets of the Bank and to prevent and detect fraud and other irregularities.
- (b) The Bank keeps accounting records which disclose with reasonable accuracy the financial position of the Bank and which ensure that the financial statements comply with requirements of International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and the Companies and Allied Matters Act (CAMA), 2020, Banks and other Financial Institutions Act (BOFIA), 2020, the Financial Reporting Council Act No. 6, 2011, Revised Prudential Guidelines and relevant circulars issued by the Central Bank of Nigeria.
- (c) The Bank has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed; and
- (d) It is appropriate for the financial statements to be prepared on a going concern basis unless it is presumed that the Bank will not continue in business.

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

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

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

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

Signed on behalf of the Directors by:

Date: March 15, 2021



Kevin Ugwuoke

Executive Director

FRC/2020/003/00000022290

March 15, 2021



Nneka Onyeali-Ikpe

Managing Director/ Chief Executive Officer

FRC/2013/NBA/00000016998

March 15, 2021

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



Opinion

We have audited the financial statements of Fidelity Bank Plc (“the Bank”) set out on pages 136 to 265, which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the financial statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing the audit of the Bank. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of the Bank. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key Audit Matter	How the matter was addressed in the audit
<p>Expected Credit Loss on financial assets and off-balance sheet exposures</p> <p>Financial assets (Due from banks, loans and advances to customers and investment securities) and off-balance sheet exposures (loan commitments and financial guarantee contracts issued) constitute a significant portion of the Bank's statement of financial position and transactions, as a major component of the Bank's financial intermediation function revolves around granting of credit and management of excess funds. The International Financial Reporting Standards (IFRS) 9 - Financial Instruments requires the use of an expected credit loss model (ECL) for recognising impairment of financial instruments.</p> <p>The ECL model involves the application of considerable level of judgement and estimation in determining inputs for ECL calculation such as:</p> <ul style="list-style-type: none"> • Determining criteria for Significant Increase in Credit Risk (SICR) for staging purposes. • Assessing the relationship between the quantitative factors such as default and qualitative factors such as macro-economic variables. • Incorporating forward looking information in the model process. • Factors incorporated in determining the Probability of Default (PD), the Loss Given Default (LGD), the Recovery Rate and the Exposure at Default (EAD). • Factors considered in cash flow estimation including timing and amount. • Factors considered in collateral valuation. • Factors considered in determining Credit Conversion Factor (CCF) for off balance sheet exposures such as bonds and guarantees and loan commitments. 	<p>We performed the following procedures in addressing the matter:</p> <p>We reviewed the Application and IT General Controls governing the IFRS reporting application deployed by the Bank; such as data migration from the core banking application to the IFRS reporting application for processing the IFRS balances, access controls over inputs into the system, change management controls and staging configuration within the system.</p> <p>We gained an understanding of how the PD, LGD and EAD were derived by the system by performing a walkthrough using live data.</p> <p>We evaluated the PD, LGD, EAD, incorporating macro-economic variables and the ECL, by rebuilding the model using R statistical software.</p> <p>For loans and other financial assets classified under stages 1 & 2, we selected material loans and reviewed the repayment history for possible repayment default. We assessed the various factors considered in classifying the loans within stage 1 & 2 and in the measurement of ECL.</p> <p>For stage 3 loans and other financial assets, we assessed all the assumptions considered in the estimation of recovery cash flows, the discount factor, collateral valuation and timing of realisation.</p> <p>For off balance sheet exposures such as bonds and guarantees and loan commitments, we assessed the assumptions and inputs in determining the credit conversion factor (CCF) by reviewing historical trends.</p> <p>We also reviewed the qualitative and quantitative disclosures for reasonableness to ensure conformity with IFRS 7- Financial Instruments: Disclosures.</p>

Key Audit Matter	How the matter was addressed in the audit
<p>This was considered a key audit matter given the level of complexity and judgement involved in the process.</p> <p>Refer to Notes 2.1.3 (Significant accounting judgements, estimates and assumptions), 2.4.3 (Impairment of financial assets), 3.2.1 (Management of credit risk), 3.2.4 (Expected credit loss measurement), 21 (Due from banks), 22 (Loans and advances to customers) and 24 (Investment securities) to the financial statements for relevant disclosures relating to the Expected Credit Loss.</p>	

Other Information

The Directors are responsible for the other information. The other information comprises the information included on pages 17 to 127 and 266 to 280 in the document titled “Fidelity Bank Plc Annual Report for the year ended 31 December 2020”, which includes the Report of the Directors, Statement of Corporate Responsibility for the Financial Statements, Statement of Directors’ responsibilities in relation to the preparation of the financial statements, Report of the statutory audit committee, Corporate governance report, Value added statement and Five-year financial summary, which we obtained prior to the date of this report, and the annual report, which is expected to be made available to us after that date and other National Disclosures. The other information does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, 2020, the Banks and Other Financial Institutions Act 2020, the Financial Reporting Council of Nigeria Act No. 6, 2011 and relevant Central Bank of Nigeria (CBN) guidelines and circulars and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on Other Legal and Regulatory Requirements

In compliance with the Banks and Other Financial Institutions Act 2020 and circulars issued by Central Bank of Nigeria, we confirm that:

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

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

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

In accordance with the requirement of the Fifth Schedule of the Companies and Allied Matters Act, 2020, we confirm that:

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



Signed:

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

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

Date: 26 March 2021



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**FINANCIAL
STATEMENTS**

Financial Statement

For The Year Ended 31 December 2020
Attributable to equity holders

Statement Of Profit Or Loss And Other Comprehensive Income

for the year ended 31 December 2020

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

Income from these instruments is exempted from tax

* Certain amounts in the comparative have been restated and do not correspond to the amount in the audited financial statements of the prior period presented. See Notes 45.

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

Statement Of Financial Position

as at 31 December 2020

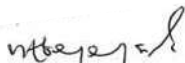
	Notes	2020 N'million	2019 N'million
ASSETS			
Cash and balances with central bank	19	654,706	453,392
Due from banks	21	213,916	149,869
Loans and advances to customers	22	1,326,106	1,126,974
Derivative financial assets	23	7,072	-
Investment securities:			
Financial assets at fair value through profit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

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

The financial statements were approved by the Board of Directors on 15 March 2021 and signed on its behalf by:



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



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



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

Financial Statement

For The Year Ended 31 December 2020
Attributable to equity holders

Statement Of Changes In Equity

for the year ended 31 December 2020

	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million
As at 1 January 2020	14,481	101,272	43,642	35,008	764	13,897	20,969	3,997	234,030		
Profit for the year	-	-	26,650	-	-	-	-	-	26,650		
Other comprehensive income											
Net change in fair value of debt instrument at FVOCI	-	-	-	-	-	-	19,338	-	19,338		
Net change in fair value of equity instrument at FVOCI	-	-	-	-	-	-	3,149	-	3,149		
Changes in allowance for expected credit losses	-	-	-	-	-	-	2	-	2		
Reclassification adjustment for realised net gains	-	-	-	-	-	-	(3,843)	-	(3,843)		
Total comprehensive income for the period	-	-	26,650	-	-	-	18,646	-	45,296		
Dividends	-	-	(5,793)	-	-	-	-	-	(5,793)		
Transfers between reserves	-	-	2,201	3,998	-	(7,532)	-	1,333	-		
At 31 December 2020	14,481	101,272	66,700	39,006	764	6,365	39,615	5,330	273,533		
Statement of changes in equity for the year ended 31 December 2019											
As at 1 January 2019	14,481	101,272	37,133	30,744	764	408	7,038	2,576	194,416		
Profit for the year	-	-	28,425	-	-	-	-	-	28,425		
Other comprehensive income:											
Net change in fair value of debt instruments at FVOCI	-	-	-	-	-	-	4,134	-	4,134		
Net change in fair value of equity instruments at FVOCI	-	-	-	-	-	-	7,476	-	7,476		
Changes in allowance for expected credit losses	-	-	-	-	-	-	504	-	504		
Reclassification adjustment for realised net gains	-	-	-	-	-	-	2,261	-	2,261		
Total comprehensive income for the period	-	-	28,425	-	-	-	14,375	-	42,800		
Dividends	-	-	(3,186)	-	-	-	-	-	(3,186)		
Transfers between reserves	-	-	(18,730)	4,264	-	13,489	(444)	1,421	-		
At 31 December 2019	14,481	101,272	43,642	35,008	764	13,897	20,969	3,997	234,030		

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

Statement Of Cash Flows

for the year ended 31 December 2020

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

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

Notes To The Financial Statements

1. Corporate Information

These financial statements are for Fidelity Bank Plc (the “Bank”), a company incorporated in Nigeria on 19 November 1987. The registered office address of the Bank is at Fidelity Place, 2 Kofo Abayomi Street, Victoria Island, Lagos, Nigeria.

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

2. Summary Of Significant Accounting Policies

2.1 Introduction to Summary of Significant Accounting Policies

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

2.1.1 Basis of Preparation

The Bank’s financial statements for the year ended **31 December 2020** have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in the manner required by the Financial Reporting Council of Nigeria Act No. 6, 2011, Companies and Allied Matters Act, 2020, Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria guidelines and circulars..

Additional information required by national regulations is included where appropriate.

The financial statements comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, statement of cash flows and the notes. The financial statements have been prepared in accordance with the assumption of going concern and items in the financial statements are measured at historical cost, except for financial assets measured at fair value.

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

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

2.1.2 Changes on Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Bank’s annual financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020. The Bank has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

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

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

2.1.3 Significant accounting judgements, estimates and assumptions

The preparation of the Bank's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the accompanying disclosure, as well as the disclosure of contingent liability about these assumption and estimates that could result in outcome that require a material adjustment to the carrying amount of assets and liabilities affected in future periods.

Management discusses with the Audit Committee the development, selection and disclosure of the Bank's critical accounting policies and estimates, and the application of these policies and estimates.

Estimates And Assumptions

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

Going Concern

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

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

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

Depreciation and carrying value of property, plant and equipment

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

Allowances for credit losses

Measurement of the expected credit loss allowance

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

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

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

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

Determination of collateral Value

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

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

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

Fair value measurement of financial instruments

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

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

Deferred tax

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

2.2 Standards Issued But Not Yet Effective

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

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

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

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

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

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows)
- A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profit of the insurance contracts to be recognised in profit or loss over the service period (i.e., coverage period)
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contractual service period

- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice.
- The presentation of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period.
- Amounts that are paid to a policyholder in all circumstances, regardless of whether an insured event happens (non-distinct investment components) are not presented in the income statement, but are recognised directly on the balance sheet.
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense
- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts

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

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

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

On 27 August 2020, the IASB published Interest Rate Benchmark Reform - Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. With publication of the phase two amendments, the IASB has completed its work in response to IBOR reform. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

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

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

Any other changes made at the same time, such as a change in the credit spread or maturity date, are assessed. If they are substantial, the instrument is derecognised. If they are not substantial, the updated effective interest rate (EIR) is used to recalculate the carrying amount of the financial instrument, with any modification gain or loss recognised in profit or loss. The practical expedient is required for entities applying IFRS 4 that are using the exemption from IFRS 9 (and, therefore, apply IAS 39) and for IFRS 16 Leases, to lease modifications required by IBOR reform.

Relief from discontinuing hedging relationships

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

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

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

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

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

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

Separately identifiable risk components

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

Additional disclosures

IFRS 7 Financial Instruments: Disclosures includes the following:

- How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform
- Disaggregated by each significant IBOR benchmark, quantitative information about financial instruments that have yet to transition to RFRs
- If IBOR reform has given rise to changes in the entity's risk management strategy, a description of these changes

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

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

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



the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively.

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

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

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

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

Right to defer settlement

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

Existence at the end of the reporting period

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

Management expectations

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

Meaning of the term 'settlement'

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

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

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

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

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

Amendments to IFRS 3 - Reference to the Conceptual Framework

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

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

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

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

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

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

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

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

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

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

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

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

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

- The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.
- An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.

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

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

- The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39.
- An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.
- An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.

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

IFRS 16 Leases Illustrative Example accompanying - Lease incentives

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

IAS 41 Agriculture - Taxation in fair value measurements

- The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.
- An entity applies the amendment to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted.

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

2.3 Foreign Currency Translation and Transaction

(a) Functional and Presentation Currency

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

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

(b) Transactions and Balances

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

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

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

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

2.4 Financial Assets and Liabilities

2.4.1 Initial Recognition

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

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

Day 1 Profit or Loss

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

Amortised Cost and Gross Carrying Amount

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

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

Effective Interest Method

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

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

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

Interest Income

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

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

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

2.4.2 Financial Assets - Subsequent Measurement

(a) Debt Instruments

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

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

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

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

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

Business Model Assessment

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

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Bank's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- How managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected.
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing financial assets is achieved and how cash flows are realized.

Solely Payments of Principal and interest (SPPI) Assessment

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

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

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

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

Reclassifications

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

Modifications

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

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

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

(b) Equity instruments

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

(c) Derivative financial instruments

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

2.4.3 Impairment of Financial Assets**Overview of the ECL Principles**

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

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

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

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

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

- **Stage 1:** When loans are first recognised, the Bank recognises an allowance based on 12 months expected credit losses (12mECLs). Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

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

POCI: Purchased or Originated Credit Impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

The Calculation of ECLs

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

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

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

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

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

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

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

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

The mechanics of the ECL method are summarised below:

Stage 1

The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after

the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date.

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

Stage 2

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

Stage 3

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

POCI

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

Loan Commitments and Letters of Credit

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

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

Financial Guarantee Contracts

The Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the profit or loss, and the ECL provision. For this purpose, the Bank estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs.

The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The ECLs related to financial guarantee contracts are recognised within Provisions.

Bank Overdraft and Other Revolving Facilities

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

Restructured Financial Assets

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

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

Credit-Impaired Financial Assets

At each reporting date, the Bank assesses whether financial assets carried at amortised cost and debt instruments carried at FVOCI are credit-impaired. Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

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

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

Collateral Valuation

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

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

Collateral Repossessed

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

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

2.4.4 Presentation of Allowance for ECL

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

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

Write-Off

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

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

2.4.5 Financial liabilities

Initial and Subsequent Measurement

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

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

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

Derecognition

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

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

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

Financial Guarantee Contracts and Loan Commitments

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

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

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

2.5 Revenue Recognition

Interest income and expense

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

Fees and Commission Income

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

Income From Bonds or Guarantees and Letters of Credit

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

Dividend Income

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

2.6 Impairment of Non-Financial Assets

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

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

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

2.7 Statement of Cash Flows

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

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

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

2.8 Cash and Cash Equivalents

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

2.9 Leases

(a) The Bank is the lessee

Right-of-use assets

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

Short-term leases and leases of low-value assets

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

(b) The Bank is the lessor

(i) Finance Lease

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

(ii) Operating Lease

When assets are subject to an operating lease, the assets continue to be recognised as property, plant and equipment based on the nature of the asset. Lease income is recognised on a straight line basis over the lease term. Lease incentives are recognised as a reduction of rental income on a straight[1]line basis over the lease term.

2.10 Property, Plant and Equipment

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

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

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

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

The assets' residual values, depreciation method and useful lives are reviewed annually, and adjusted if appropriate. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in other income/operating expenses respectively in profit or loss.

Construction cost and improvements in respect of offices is carried at cost as capital work in progress. On completion of construction or improvements, the related amounts are transferred to the appropriate category of property and equipment.

Payments in advance for items of property and equipment are included as Prepayments in "Other Assets" and upon delivery are reclassified as additions in the appropriate category of property and equipment.

2.11 Intangible Assets

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

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

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

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

2.12 Income Taxation

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

(i) Current Income Tax

The income tax charged is based on minimum tax assessment in line with the Finance Bill Act 2020 as there is no taxable profit to charge tax. The minimum tax is 0.25% of gross turnover less franked investment income. While other taxes are calculated on the basis of the applicable tax laws enacted or substantively enacted at the reporting date in the respective jurisdiction.

(ii) Deferred Income Tax

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

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

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

2.13 Provisions

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

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

2.14 Retirement Obligations and Employee Benefits

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

2.14.1 Defined Contribution Pension Scheme

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

2.14.2 Short-Term Benefits

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

2.15 Share Capital

Share Issue Costs

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

Dividends on Ordinary Shares

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

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

2.16 Fair Value Measurement

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

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

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

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

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

2.17 Comparatives

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

Segment Reporting

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

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

Retail Banking

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

Corporate Banking

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

Investment Banking

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

3. Financial Risk Management And Fair Value Measurement And Disclosure

3.1 Introduction and Overview

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

Enterprise Risk Management

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

- (i) Comprehensive and well defined policies and procedures designed to identify, assess, measure, monitor and report significant risk exposures of the entity. These policies are clearly communicated throughout the Bank and are reviewed annually.
- (ii) Clearly defined governance structure.
- (iii) Clear segregation of duties within the Risk Management Division and also between them and the business groups.
- (iv) Management of all classes of banking risk broadly categorized into credit, market, liquidity and operational risk independently but in a co-coordinated manner at all relevant levels within the Bank.
- (v) Incorporate the volatility in macro economic variables caused by Covid-19 in the inputs and assumptions used for the determination of expected credit losses (“ECLs”).

Risk Management Governance Structure

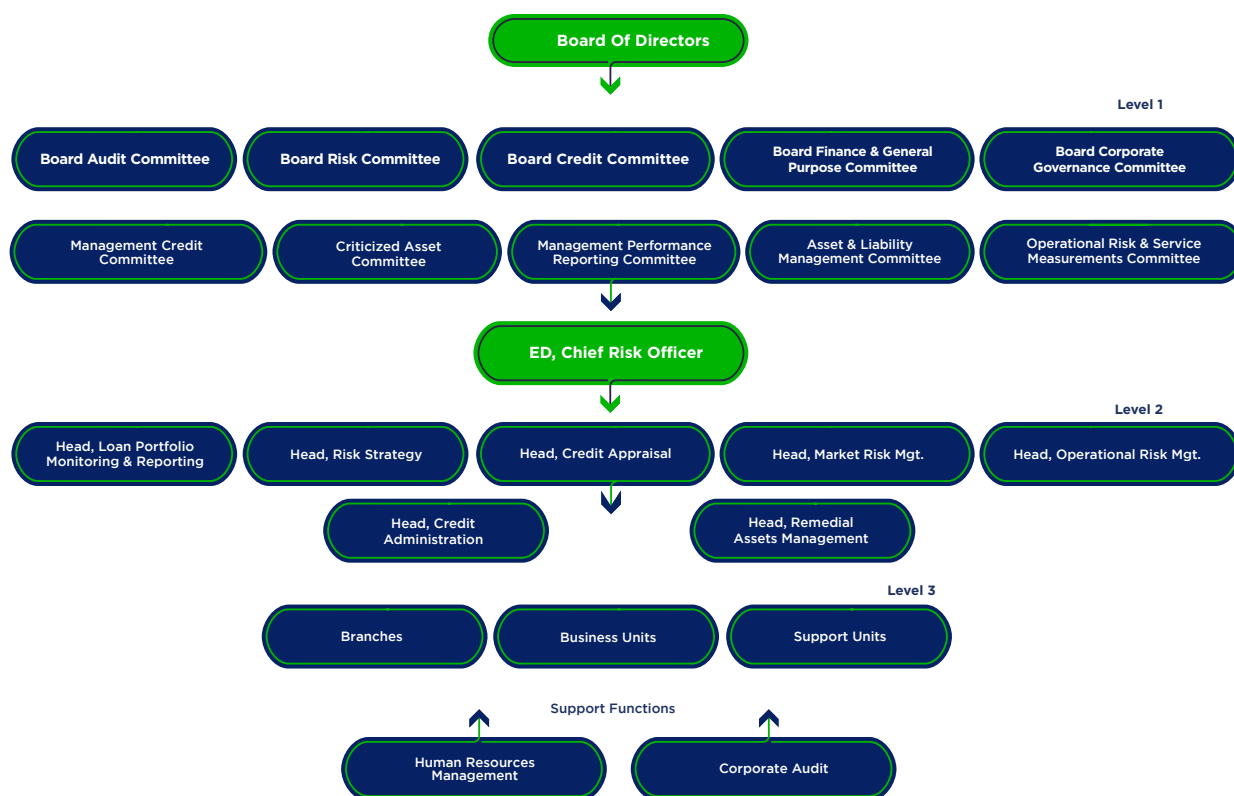
Enterprise-wide risk management roles and responsibilities are assigned to stakeholders in the Bank at three levels as follows:

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

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

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

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



Enterprise Risk Philosophy

Fidelity Enterprise Risk Mission

Risk Culture

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

Risk Appetite

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

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

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

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

3.2 Credit Risk

3.2.1 Management of Credit Risk

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

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

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

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

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

3.2.2 Credit Risk Rating

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

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

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

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

Internal Rating Categories	Interpretation	Mapping to External Rating
AAA	Impeccable financial condition and overwhelming capacity to meet obligations in a timely manner	AAA
AA	Very good financial condition and very low likelihood of default	AA
A	Good financial condition and low likelihood of default	A
BBB to BB	Satisfactory financial condition and adequate capacity to meet obligations	BBB to BB
B to CCC	Weak financial condition and capacity to repay is in doubt and may be contingent upon refinancing	B to D

3.2.3 Credit Limits

Portfolio concentration limits are set by the Bank to specify maximum credit exposures we are willing to assume over given periods. The limits reflect the Bank's credit risk appetite. The parameters on which portfolio limits are based include limits per obligor, products, sector, industry, rating grade, geographical location, type of collateral, facility structure and conditions of the exposure.

Monitoring Default Risk

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

3.2.4 Expected Credit Loss Measurement

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

Change in credit quality since initial recognition

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

(a) Significant Increase in Credit Risk

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

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

Backstop Indicators

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

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

(b) Definition of Default

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

Quantitative Criteria

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

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

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

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

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

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

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs and how collateral values change etc. – are monitored and reviewed on a regular basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

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

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

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

In addition to the base economic scenario, the Bank’s strategy team also provides other possible scenarios along with scenario weightings. The number of other scenarios used is based on the analysis of each major product type to ensure non-linearities are captured. The number of scenarios and their attributes are reassessed at each reporting date. At 1 January 2020 and 31 December 2020, the Bank concluded that three scenarios appropriately captured non-linearities for all its portfolios.

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

Financial Statement

Accounting Policies

Economic Variable Assumptions

The most significant period-end assumptions used for the ECL estimate as at 31 December 2020 are set out below. The scenarios “base”, “upside” and “downside” were used for all portfolios.

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

(e) Grouping Financial Instruments for Collective Assessment

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

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

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

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

The Bank's maximum exposure to credit risk as at 31st December 2020 and 31st December 2019 is represented by the gross carrying amounts of the financial assets set out below:

31 December 2020				
	Maximum exposure	Fair value of Collateral held	Surplus collateral	Net exposure
Financial Assets	N'million	N'million	N'million	N'million
Cash and balances with Central Bank	609,955	-	-	609,955
Due from banks	214,808	-	-	214,808
Loans and advances to customers	1,393,624	107,986,545	106,592,921	-
Derivative financial assets	7,072			7,072
Investments:				
• Financial assets at fair value through profit or loss	47,118	-	-	47,118
• Debit instruments at fair value through other comprehensive income	265,980	-	-	265,980
• Debit instruments at amortised cost	138,168	-	-	138,168
Other assets	42,105	-	-	42,105
	2,718,830	107,986,545	106,592,921	1,325,206
Financial guarantee contracts:				
Performance bonds and guarantees	208,433	-	-	208,433
Letters of credit	172,867	-	-	172,867
Undrawn portion of overdraft	294,947	-	-	294,947
	676,247	-	-	676,247

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Accounting Policies

31 December 2019				
	Maximum exposure	Fair value of Collateral held	Surplus collateral	Net exposure
Financial Assets	N'million	N'million	N'million	N'million
Cash and balances with Central Bank	421,734	-	-	421,734
Due from banks	150,178	22,715	-	127,463
Loans and advances to customers	1,178,389	27,070,569	25,892,180	-
Investments:			-	-
• Financial assets at fair value through profit or loss	45,538	-	-	45,538
• Debit instruments at fair value through other comprehensive income	134,846	-	-	134,846
• Debit instruments at amortised cost	118,723	-	-	118,723
Other assets	26,788	-	-	26,788
	2,076,196	27,093,284	25,892,180	875,092
Financial guarantee contracts and other commitment:				
Performance bonds and guarantees	204,135	-	-	204,135
Letters of credit	134,082	-	-	134,082
Undrawn portion of overdraft	276,846	-	-	
	615,063	-	-	338,217

*Excluding equity instruments

3.2.6 Credit Concentrations

The Bank monitors concentrations of credit risk by sector and by geographical location. An analysis of concentrations of credit risk at 31 December 2020, is set out below:

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

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Accounting Policies

31 Dec 2019					
	Cash and balances with Central Bank	Due from banks	Loans and advances to customers	Investment securities	Other assets
Financial assets with credit risk:	N'million	N'million	N'million	N'million	N'million
Carrying amount	421,734	149,869	1,126,974	298,953	24,861
Concentration by sector					
Agriculture	-	-	32,931	-	-
Oil and gas	-	-	244,799	-	-
Consumer credit	-	-	53,786	-	-
Manufacturing	-	-	215,707	-	-
Mining and Quarrying	-	-	3,776	-	-
Mortgage	-	-	-	-	-
Real estate	-	-	26,495	-	-
Construction	-	-	35,594	-	-
Finance and insurance	-	150,178	4,508	19,249	-
Government	-	-	150,086	279,858	-
Power	-	-	118,413	-	-
Other public utilities	-	-	-	-	-
Transportation	-	-	135,991	-	-
Communication	-	-	32,416	-	-
Education	-	-	5,159	-	-
Other	421,734	-	118,729	-	26,788
Total gross amount	421,734	150,178	1,178,389	299,107	26,788
Concentration by location	N'million	N'million	N'million	N'million	N'million
Abroad	-	150,178	-	-	-
Nigeria:					
North East	-	-	10,758	-	-
North Central	421,734	-	83,834	-	-
North West	-	-	60,013	-	-
South East	-	-	31,418	-	-
South South	-	-	138,234	-	-
South West	-	-	854,132	299,107	26,788
Total gross amount	421,734	150,178	1,178,389	299,107	26,788

3.2.7 Credit Quality

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

The credit risk model is applied as per homogeneous group of risk assets which can be a portfolio or a rating model (e.g. Master Rating). The bank set up 6 portfolios three of which are a mix of Corporate and Commercial Accounts segregated on the basis of related economic sectors. The other three portfolios are made up of retails accounts segregated on the basis of similarity of risk characteristics. Details of the portfolios are shown below:

Code	Description
Portfolio 1	Agriculture, Energy, Manufacturing, Construction & Real Estate
Portfolio 2	Government, Public Sector & NBFIs
Portfolio 3	Transport, Communication, Commerce & General
Portfolio 4	Automobile, Equipment & Mortgage Loans
Portfolio 5	Medium and Small Scale Enterprises
Portfolio 6	Personal & Employee Loans

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

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

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

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

(b) Government, Public Sector & NBFIs Portfolio

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

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

(c) Transport, Communication, Commerce & General Portfolio

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

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

(d) Automobile, Equipment & Mortgage Loans Portfolio

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

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

(e) Medium and Small Scale Enterprises Portfolio

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

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

(f) Personal & Employee Loans Portfolio

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

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

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

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

31 Dec 2019					
	Cash and balances with Central Bank	Due from banks	Loans and advances to customers	Debt securities	Other assets
	N'million	N'million	N'million	N'million	N'million
Not Due & Not impaired	421,734	-	-	-	-
Past due and not impaired (0-30 days)	-	150,178	862,293	253,569	26,788
Past due and not impaired (31-90 days)	-	-	269,298	-	-
Past due and impaired (aged above 90 days)	-	-	46,798	-	-
Gross	421,734	150,178	1,178,389	253,569	26,788
Impairment Allowance	-	(309)	(51,415)	(154)	(1,927)
Net	421,734	149,869	1,126,974	253,415	24,861

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Risk Management Report

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

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

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

	Due from Banks	Overdrafts	Term loans	Finance lease	Total loan	Other assets
31 December 2019	N'million	N'million	N'million	N'million	N'million	N'million
Grades:						
1. AAA to AA	3,863	703	57,742	-	58,445	-
2. A+ to A-	118,040	1,589	21,886	-	23,475	-
3. BBB+ to BB-	15,566	58,766	451,662	39,305	549,733	-
4. Below BB-	12,709	55,598	445,696	2,179	503,473	-
5. Unrated	-	325	4,305	-	4,630	26,788
	150,178	116,981	981,291	41,484	1,139,756	26,788
Collective impairment	(309)	(3,382)	(24,490)	(32)	(27,904)	(1,927)
Net Amount	149,869	113,599	956,801	41,452	1,111,852	24,861

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

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

Maximum exposure to Credit Risk		
	2020	2019
Financial assets measured at fair value through profit or loss	N'million	N'million
Debt securities		
Federal Government bonds	30,389	1,875
Treasury bills	16,729	36,175
Placement	-	7,487
	47,118	45,538
Derivative financial assets	7,072	-

The credit quality of cash and cash equivalents, short-term investments and investments in government and corporate securities that were neither past due nor impaired can be assessed by reference to the bank's internal ratings as at 31 December 2020 and 31 December 2019:

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

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

Loss Allowance

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

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

3.2.8 Description of Collateral Held

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

(a) Key Collateral Management Policies

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

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

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

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

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

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

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

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

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

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

3.3 Liquidity risk

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

3.3.1 Management of Liquidity Risk

The Bank's principal liquidity objective is to ensure that the Bank holds sufficient liquid reserve to enable it meet all probable cashflow obligations, without incurring undue transaction costs under normal conditions. Liquidity management safeguards the ability of the bank to meet all payment obligations as they fall due. The Bank's liquidity risk management framework has been an important factor in maintaining adequate liquidity and a healthy funding profile

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

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

Short-Term Liquidity

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

Asset Liquidity

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

Funding Diversification

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

Stress Testing

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

3.3.2 Maturity Analysis

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

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	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
31 December 2019	N'million	N'million	N'million	N'million	N'million	N'million
Cash and balances with Central Bank of Nigeria	110,046	-	-	343,346	-	453,392
Due from banks	101,853	3,647	51,294	-	-	156,794
Loans and advances to customers	135,282	149,074	338,959	419,077	339,078	1,381,469
Investment securities						
- Financial instrument at FVTPL	1,341	10,193	31,550	1,180	1,874	46,138
- Debt instruments at amortised	22,571	23,450	21,262	17,978	40,394	125,655
- Debt instruments at FVOCI	10,815	4,281	95,605	7,225	20,784	138,710
Other assets	1,696	2,096	6,045	7,181	9,770	26,788
Total financial assets	383,604	192,742	544,714	795,987	411,900	2,328,947
Financial liabilities						
Customer deposits	249,853	483,146	514,447	-	-	1,247,446
Other liabilities	50,978	95,957	5,003	12,506.95	250,139	414,584
Debt issued and other borrowed funds	26,015	11,338	22,675	226,754	-	286,782
Total financial liabilities	326,846	590,441	542,125	239,260	250,139	1,948,811
Gap (assets-liabilities)	56,758	(397,699)	2,589	556,727	161,761	380,136
Cumulative liquidity gap	56,758	(340,941)	(338,352)	218,375	380,136	
Financial guarantee contract:						
Performance bonds and guarantees	10,217	20,767	72,375	57,053	43,723	204,135
Letters of credit	10,389	66,134	57,559	-	-	134,082
Total	20,606	86,901	129,934	57,053	43,723	338,217

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

3.4 Market Risk

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

3.4.1 Management of Market Risk

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

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

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

Established risk limits, which are monitored on a daily basis by the Bank's Market Risk group include intraday limit, daily devaluation for currency positions, net open position, dealers' deposit placement, stop loss, duration and management action trigger limits. Daily positions of the Bank's trading books are marked-to-market to enable the Bank obtain an accurate view of its trading portfolio exposures. Financial market prices used in the mark-to-market exercise are independently verified by the Market Risk Group with regular reports prepared at different levels to reflect volatility of the Bank's earnings.

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3.4.1.2 Foreign Exchange Risk

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

The table below summarises the Bank's exposure to foreign currency exchange risk at 31 December 2020.

31 December 2020					
	USD	GBP	Euro	Naira	Total
	N'million	N'million	N'million	N'million	N'million
Financial assets					
Cash and balances with Central Bank	23,731	650	592	629,733	654,706
Due from banks	200,431	3,577	7,908	2,000	213,916
Loans and advances to customers	553,764	318	2,623	769,401	1,326,106
Derivative financial assets	7,072	-	-	-	7,072
Investment securities:					
- Financial assets at FVTPL	-	-	-	47,118	47,118
- Debt instruments at FVOCI	2,482	-	-	263,498	265,980
- Equity instruments at FVOCI	4,161	-	-	13,524	17,685
- Debt instruments at amortised cost	-	-	-	137,804	137,804
Other financial assets	1,873	9	206	39,178	40,530
	793,514	4,554	11,329	1,902,256	2,710,917
Financial liabilities					
Customer deposits	287,313	5,208	5,656	1,400,849	1,699,026
Derivative financial assets	1,143	-	-	-	1,143
Other liabilities	114,383	619	4,868	397,223	517,093
Debt issued and other borrowed funds	260,971	-	-	-	260,971
	663,810	5,827	10,524	1,798,072	2,478,233
Net exposure	129,704	(1,273)	805	104,184	232,684
Sensitivity Analysis of Foreign Currency Statement of Financial Position					
Currency	USD	GBP	Euro		
	N'million	N'million	N'million		
Net effect on Statement of Financial Position	129,704	(1,273)	805		
Closing Exchange Rate (Naira/ Currency)	400.33	546.51	490.76		
1% Currency Depreciation (+)	404.33	551.97	495.66		
Net effect of depreciation on Profit or loss (pre-tax)	1,297	(13)	8		
1% Currency Appreciation (-)	396.33	541.04	485.85		
Net effect of appreciation on Profit or loss (pre-tax)	(1,297)	13	(8)		

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

31 December 2019					
	USD	GBP	Euro	Naira	Total
	N'million	N'million	N'million	N'million	N'million
Financial assets					
Cash and balances with Central Bank	7,845	436	663	444,448	453,392
Due from banks	138,580	1,644	5,797	3,848	149,869
Loans and advances to customers	462,832	1,082	846	662,214	1,126,974
Investment securities:					
Financial assets at FVTPL	7,487	-	-	38,051	45,538
Debt instruments at FVOCI	13,202	-	-	121,644	134,846
Equity instruments at FVOCI	-	-	-	14,536	14,536
Debt instruments at amortised cost	-	-	-	118,569	118,569
Other financial assets	19,312	-	-	6,437	25,749
	649,257	3,162	7,307	1,409,747	2,069,473
Financial liabilities					
Customer deposits	281,011	4,666	2,906	936,630	1,225,213
Other liabilities	33,528	478	1,259	361,809	397,074
Debt issued and other borrowed funds	219,723	870	846	30,147	251,586
	534,262	6,014	5,011	1,328,586	1,873,873
Net exposure	114,995	(2,852)	2,296	81,161	195,600
Sensitivity Analysis of Foreign Currency Statement of Financial Position					
Currency	USD	GBP	Euro		
	N'million	N'million	N'million		
Net effect on Statement of Financial Position	114,995	(2,852)	2,296		
Closing Exchange Rate (Naira/Currency)	364.7	457	409		
1% Currency Depreciation (+)	368	462	413		
Net effect of depreciation on Profit or loss	1,150	(29)	23		
1% Currency Appreciation (-)	361	452	405		
Net effect of appreciation on Profit or loss	(1,150)	29	(23)		

The Bank's exposure to foreign exchange risk is largely concentrated in USD. Movement in the exchange rate between the foreign currencies and the Nigerian naira affects reported earnings through revaluation gain or loss and the statement of financial position through an increase or decrease in the revalued amounts of financial assets and liabilities denominated in foreign currencies.

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3.4.1.3 Interest Rate Risk

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

	Carrying amount	Variable interest	Fixed interest	Non interest-bearing
31 December 2019	N'million	N'million	N'million	N'million
Financial assets				
Cash and balances with Central Bank of Nigeria	453,392	-	-	453,392
Due from banks	149,869	-	47,412	102,457
Loans and advances to customers	1,126,974	270,554	856,420	-
Investment securities				-
- Financial assets at FVTPL	45,538	-	45,538	-
- Debt instruments at FVOCI	134,846	-	134,846	-
- Debt instruments at amortised cost	118,569	-	118,569	-
Other financial assets	24,861	-	-	24,861
	2,054,049	270,554	1,202,785	580,710
Financial liabilities				
Customer deposits	1,225,213	-	533,605	691,608
Other liabilities	397,074	-	250,139	146,935
Debts issued and other borrowed funds	251,586	53,820	197,766	-
	1,873,873	53,820	981,510	838,543

(a) Interest Rate Sensitivity**Total Interest Repricing Gap**

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

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

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31 December 2019	Less than 3 months	3-6 months	6-12 months	1-5 years	More than 5 years	Total rate sensitive
Financial assets	N'million	N'million	N'million	N'million	N'million	N'million
Cash and balances with Central Bank	-	-	-	-	-	-
Due from banks	2,912	44,500	-	-	-	47,412
Loans and advances to customers	231,825	49,536	62,714	466,084	316,815	1,126,974
Investment securities						-
Financial assets at FVTPL	11,535	2,044	29,505	580	1,874	45,538
Debt instruments at FVOCI	15,096	26,598	69,007	6,825	17,320	134,846
Debt instruments at amortised cost	45,996	2,274	18,768	17,913	33,618	118,569
Total assets	307,364	124,952	179,994	491,402	369,627	1,473,339
Financial liabilities						
Customer deposits	228,679	62,261	19,469	111,018	112,178	533,605
Other Liabilities	-	531	20,498	83,526	145,583	250,139
Debt issued and other borrowed funds	41,492	9,414	72	200,608	-	251,586
Total liabilities	270,171	72,206	40,039	395,152	257,761	1,035,330
Net financial assets and liabilities	37,193	52,746	139,955	96,250	111,865	438,009

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

31 December 2020				
Asset with variable interest rate	Increase/Decrease in bp	Amount	Effect of increase by 200bp on profit	Effect of decrease by 200bp on profit
		N'million	N'million	N'million
Loans and advances to customers	+200/-200bp	269,683	5,394	(5,394)
Investments:				
Debts issued and other borrowed funds	+200/-200bp	99,055	(1,981)	1,981
31 December 2019				
Asset with variable interest rate	Increase/Decrease in bp	Amount	Effect of increase by 200bp on profit	Effect of decrease by 200bp on profit
		N'million	N'million	N'million
Loans and advances to customers	+200/-200bp	270,554	5,411	(5,411)
Investments:				
Debts issued and other borrowed funds	+200/-200bp	53,820	(1,076)	1,076

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

31 December 2020						
Asset with fixed interest rate	Increase/ Decrease in bp	Amount	Effect of increase by 200bp on profit	Effect of decrease by 200bp on profit	Effect of increase by 200bp on Equity	Effect of decrease by 200bp on Equity
		N'million	N'million	N'million	N'million	N'million
Investments:						
Financial assets measured at FVTPL	+200/-200bp	47,118	942	(942)	942	(942)
Debt instruments at FVOCI*	+200/-200bp	265,980	-	-	5,320	(5,320)
31 December 2019						
Asset with fixed interest rate	Increase/ Decrease in bp	Amount	Effect of increase by 200bp on profit	Effect of decrease by 200bp on profit	Effect of increase by 200bp on Equity	Effect of decrease by 200bp on Equity
		N'million	N'million	N'million	N'million	N'million
Investments:						
Financial assets measured at FVTPL	+200/-200bp	45,538	911	(911)	911	(911)
Debt instruments at FVOCI*	+200/-200bp	134,846	-	-	2,697	(2,697)

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

3.4.4 Equity Price Risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the level of equity indices and individual stocks. A 10 percent increase in the value of the Bank's equity investment at FVOCI at 31 December 2020 would have increased equity by N1.77 billion (31 December 2019 : N1.45 billion). An equivalent decrease would have resulted in an equivalent but opposite impact.

3.5 Fair Value Of Financial Assets And Liabilities

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

(a) Financial Instruments Measured At Fair Value

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

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

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

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

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

31 December 2020	Level 1	Level 2	Level 3	Total
Financial assets	N'million	N'million	N'million	N'million
Financial Assets measured at fair value				
Financial assets at FVTPL				
- Federal Government bonds	-	30,389	-	30,389
- Treasury bills	-	16,729	-	16,729
Debt instruments measured at FVOCI				
- Treasury bills	-	192,565	-	192,565
- Federal Government bonds	-	66,938	-	66,938
- State Government bonds	-	6,477	-	6,477
Derivative financial assets	-	7,072	-	7,072
Equity instruments measured at FVOCI	2,520	15,165	-	17,685
Financial assets for which fair values are disclosed				
Loans and advances to customers	-	-	-	-
- Term loans	-	-	1,176,556	1,176,556
- Advances under finance lease	-	-	33,169	33,169
- Other loans	-	-	148,899	148,899
Debt instruments at amortised cost				
- Treasury bills	-	55,220	-	55,220
- Federal Government bonds	-	99,334	-	99,334
- State Government bonds	-	353	-	353
Financial liabilities at FVTPL	N'million	N'million	N'million	N'million
Derivative financial liabilities	-	1,143	-	1,143
Financial liabilities for which fair values are disclosed				
Financial liabilities carried at amortised cost				
Debt issued and other borrowed funds	-	-	264,521	264,521
Deposits from customers			679,094	

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31 December 2019	Level 1	Level 2	Level 3	Total
Financial assets	N'million	N'million	N'million	N'million
Assets measured at fair value				
Financial assets at FVTPL				
- Federal Government bonds	-	1,875	-	1,875
- Treasury bills	-	36,176	-	36,176
- Placement	-	7,487	-	7,487
Debt instruments measured at FVOCI				-
- Treasury bills	-	98,939	-	98,939
- Federal Government bonds	-	18,147	-	18,147
- State Government bonds	-	4,353	-	4,353
- Corporate Bonds	-	13,407	-	13,407
Equity instruments measured at FVOCI	1,840	12,696	-	14,536
Assets for which fair value are disclosed				
Financial assets carried at amortised cost				-
Loans and Advances	-	-		-
- Term loans	-	-	997,634	997,634
- Advances under finance lease	-	-	45,586	45,586
- Other loans and overdrafts	-	-	135,168	135,168
Debt instruments at amortised cost				-
- Treasury bills	-	47,755		47,755
- Federal Government bonds	-	70,220		70,220
- State Government bonds	-	1,149		1,149
Financial liabilities for which fair values are disclosed	N'million	N'million	N'million	N'million
Financial liabilities carried at amortised cost				
Debt issued and other borrowed funds	-	-	255,003	255,003
Deposits from customers			518,021	

(c) Fair Valuation Methods And Assumptions**(i) Cash and balances with Central Bank of Nigeria**

Cash and balances with central bank represent cash held with central banks. The fair value of cash jurisdictions in which the Bank operates. The fair value of these balances approximates their carrying amounts.

(ii) Due From Other Banks

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

(iii) Treasury Bills And Bonds

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

(iv) Equity Securities

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

(v) Loans And Advances to Customers

Loans and advances are carried at amortised cost net of allowance for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

(vi) Overdraft

The management assessed that the fair value of Overdrafts approximate their carrying amounts largely due to the short-term maturities of these instruments.

(vii) Other Assets

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

(viii) Deposits From Banks and Due to Customers

The fair values of the Bank's interest-bearing borrowings and loans are determined by using the DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The fair value is determined by using discounted cashflow method.

(ix) Other Liabilities

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

(x) Debt issued and Other Borrowed Funds

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

(xi) Derivative financial instruments

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

3.6 Operational Risk Management

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

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

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

Organizational Set-Up

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

Operational Risk Framework

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

Loss Data Collection

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

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

Risk and Control Self Assessments (RCSA)

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

Key Risk Indicators (KRIs)

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

Business Continuity Management (BCM)

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

4 Capital Management

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

- (a) To comply with the capital requirements set by regulators of the banking markets where the entities within the Bank operate;
- (b) To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for Shareholders and benefits for other stakeholders; and
- (c) To maintain a strong capital base to support the development of its business.

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

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

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

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

Tier 1 Capital: This includes only permanent Shareholders' equity (issued and fully paid ordinary shares/common stock and perpetual non-cumulative preference shares) and disclosed reserves (created or increased by appropriations of retained earnings or other surpluses). There is no limit on the inclusion of Tier 1 capital for the purpose of calculating regulatory capital.

Tier 2 Capital: This includes revaluation reserves, general provisions/general loan loss reserves, Hybrid (debt/equity), capital instruments and subordinated debt. Tier 2 capital is limited to a maximum of 33.3% of the total of Tier 1 capital.

The CBN excluded the following reserves in the computation of total qualifying capital:

1. The Regulatory Risk Reserve created pursuant to Section 12.4 (a) of the Prudential Guidelines which was effective on 1 July 2010 is excluded from regulatory capital for the purposes of capital adequacy assessment;
2. Collective impairment on loans and receivables and other financial assets no longer forms part of Tier 2 capital; and
3. Other Comprehensive Income (OCI) Reserves is recognized as part of Tier 2 capital subject to the limits on the Calculation of Regulatory Capital.

The table below summarizes the composition of regulatory capital and the ratios of the Bank as at 31 December 2020 and as at 31 December 2019. During those two periods, the Bank as an entity complied with all of the externally imposed capital requirements to which it is subject to.

	31 December 2020	31 December 2019
	N'million	N'million
Tier 1 capital		
Share capital	14,481	14,481
Share premium	101,272	101,272
Retained earnings	66,700	37,849
Statutory reserve	39,006	35,008
Small scale investment reserve	6,094	4,761
Tier 1 Deductions - Intangible Assets	(3,283)	(1,636)
Total qualifying Tier 1 capital	224,270	191,735
Regulatory adjustment	20,195	10,640
Adjusted qualifying Tier 1 capital	204,075	181,095
Tier 2 capital		
Local Bond Issue (Discounted at 60%)	-	12,000
Revaluation reserve	-	-
Fair value reserve	39,615	20,969
Total Tier 2 capital	39,615	32,969
Qualifying Tier 2 Capital restricted to lower of Tier 2 and 33.33% of Tier 1 Capital		
Total Tier 1 & Tier 2 Capital	243,690	214,064
Risk-weighted assets:		
Credit Risk Weighted Assets	1,048,332	920,616
Market Risk Weighted Assets	87,624	64,232
Operational Risk Weighted Assets	204,255	185,821
Total risk-weighted assets	1,340,211	1,170,669
Capital Adequacy Ratio (CAR)	18.18%	18.29%
Minimum Capital Adequacy Ratio	15%	15%

5. Segment Analysis

Following the management approach of IFRS 8, operating segments are reported in accordance with the internal reports provided to the Bank's Executive Committee (the chief operating decision maker). In 2020, Management prepared its financial records in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board. This segment is what the Bank's chief operating decision maker reviews in assessing performance, allocating resources and making investment decisions.

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

Segment Result of Operations

The segment information provided to the Chief Operating Decision Maker for the reportable segments for the year ended 31 December 2020 is as follows:

	Retail banking	Corporate banking	Investment banking	Combined
	N 'millions	N 'millions	N 'millions	N 'millions
At 31 December 2020				
Revenue derived from external customers	91,113	70,767	44,324	206,204
Revenues from other segments	-	-	-	-
Total	91,113	70,767	44,324	206,204
Interest income	72,625	67,004	37,124	176,753
Interest expense	(33,762)	(26,254)	(12,614)	(72,630)
Profit before tax	17,572	6,354	4,128	28,054
Income tax expense	(866)	(331)	(207)	(1,404)
Profit for the year ended 31 December 2020	16,706	6,023	3,921	26,650
Total segment assets	1,565,671	657,436	535,041	2,758,148
Total segment liabilities	1,593,656	592,067	298,892	2,484,615
Other segment information				
Depreciation/Amortization	(4,123)	(1,279)	(805)	(6,207)

The segment information provided to the chief operating decision maker for the reportable segments for the year ended 31 December 2019 is as follows:

	Retail banking	Corporate banking	Investment banking	Combined
	N 'millions	N 'millions	N 'millions	N 'millions
At 31 December 2019				
Revenue derived from external customers	97,398	74,929	45,685	218,011
Revenues from other segments	-	-	-	-
Total	97,398	74,929	45,685	218,011
Interest income	80,246	69,733	34,862	184,841
Interest expense	(43,679)	(39,273)	(18,834)	(101,786)
Profit before tax	20,189	5,442	4,722	30,353
Income tax expense	(1,282)	(346)	(300)	(1,928)
Profit for the year ended 31 December 2019	18,907	5,096	4,422	28,425
Total segment assets	1,160,578	516,434	437,024	2,114,037
Total segment liabilities	1,211,834	459,080	209,093	1,880,007
Other segment information				
Depreciation/Amortization	(3,689)	(1,060)	(672)	(5,421)

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Bank's total revenue in 31 December 2020 and 31 December 2019.

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

6. Interest revenue calculated using the effective interest rate method

	31 December 2020	31 December 2019
	N'million	N'million
Loans and advances to customers	126,296	135,051
Advances under finance lease.	4,180	4,153
Treasury bills and other investment securities:		
-Fair value through other comprehensive income	19,577	22,059
-Amortised cost	13,046	12,011
Placements and short term funds	5,452	6,217
	168,551	179,491

7. Interest Expense calculated using the effective interest rate method

	31 December 2020	31 December 2019
	N'million	N'million
Term deposits	34,113	60,899
Debts issued and other borrowed funds	25,719	25,647
Savings deposits	7,635	8,185
Current accounts	3,475	4,550
Inter-bank takings	647	8
Intervention loan	1,041	2,497
	72,630	101,786

8. Credit loss reversal/(expense)

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

	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3	POCI	Total
	N'million	N'million	N'million	N'million	N'million	N'million	N'million
Due from banks	-	583	-			-	583
Loans and advances to customers	-	952		2,122	13,029		16,103
Debt instruments measured at FVOCI	-	2	-	-	-	-	2
Debt instruments measured at amortised costs	-	210	-	-	-	-	210
Financial guarantees	-	5	-	-	-	-	5
Letters of credit	-	307	-	-	-	-	307
Total credit loss expense	-	2,059	-	2,122	13,029	-	17,210
Other assets (Note 28)		(352)	-	-	-	-	(352)
	-	1,707	-	2,122	13,029	-	16,858

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

	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3	POCI	Total
	N'million	N'million	N'million	N'million	N'million	N'million	N'million
Due from banks	-	(497)	-	-	-	-	(497)
Loans and advances to customers	-	(5,739)	-	2,686	(2,276)	-	(5,329)
Debt instruments measured at FVOCI	-	504	-	-	-	-	504
Debt instruments measured at amortised costs	-	(56)	-	-	-	-	(56)
Letters of credit	-	(206)	-	-	-	-	(206)
Total credit loss reversal	-	(5,994)	-	2,686	(2,276)	-	(5,584)
Other assets (Note 28)	-	292	-	-	-	-	292
	-	(5,702)	-	2,686	(2,276)	-	(5,292)

9. Net Fee and Commission Income

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

Segments	31 December 2020			
	Retail Banking	Corporate Banking	Investment Banking	Total
	N'million	N'million	N'million	N'million
Fee and commission type:				
ATM charges	1,916	1,454	-	3,371
Accounts maintenance charge	1,652	935	213	2,800
Commission on travellers cheque and foreign bills	1,082	259	446	1,787
Commission on E-banking activities	1,384	1,024	56	2,464
Commission on Fidelity Connect	1,023	322	62	1,407
Other fees and commissions	294	28	9	331
Commission and fees on banking services	362	157	-	519
Commission and fees on NXP	590	245	10	845
Collection fees	270	28	6	304
Telex fees	461	38	7	506
Cheque issue fees	65	27	-	92
Letters of credit commissions and fees	539	214	320	1,073
Commissions on off balance sheet transactions	1,069	643	-	1,712
Remittance fees	64	21	-	85
Total revenue from contracts with customers	10,771	5,395	1,129	17,296
Other non-contract fee income:				
Credit related fees	1,402	1,155	-	2,557
Total fees and commission income	12,173	6,550	1,129	19,853
Fee and commission expense	(3,945)	(1,764)	(435)	(6,144)
Net fee and commission income	8,228	4,786	694	13,709

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

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

Modification loss*

*There was no significant modification in 31 December 2020, "all modifications as a result of the impact of Covid-19 for the year ended 31 December 2020 did not result in the derecognition of the related financial assets." However in prior period, a significant modification was carried out on a loan to a customer and the cash flows of the modified assets are substantially different from the contractual cash flows of the original financial assets. Based on this, the cash flows of the original financial assets were deemed to have expired and therefore derecognised and a new financial assets was recognised at fair value. The gross carrying amount of the loan before modification was N29 billion. The financial assets is not deemed to be credit impaired.

11. Other Operating Income

	31 December 2020	31 December 2019
	N'million	N'million
Net foreign exchange gains	8,189	3,401
Dividend income (Note 24.3.1)	855	1,444
(Loss)/Profit on disposal of property, plant and equipment	(51)	2,510
Other income*	605	553
	9,598	7,908

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

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

	31 December 2020	31 December 2019
	N'million	N'million
Net (losses)/gains arising from:		
- Bonds	1,010	177
- Treasury bills	344	650
- Placements	-	(26)
- Derivatives	(239)	-
	1,115	801
12.1 Interest income on financial assets measured at FVTPL	8,202	5,350

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

13. Personnel Expenses

	31 December 2020	31 December 2019
	N'million	N'million
Wages and salaries	22,118	21,129
End of the year bonus (see note 32.1)	2,792	2,537
Pension contribution	457	463
	25,367	24,129

14. Depreciation and Amortisation

	31 December 2020	31 December 2019
	N'million	N'million
Property, plant and equipment (Note 25)	3,187	3,112
Intangible asset-computer software (Note 26)	2,347	1,623
Depreciation of right-of-use assets (Note 29)	673	686
	6,207	5,421

15. Other Operating Expenses

	31 December 2020	31 December 2019
	N'million	N'million
Marketing, communication & entertainment	9,594	10,430
Banking sector resolution cost	11,866	10,478
Deposit insurance premium	5,533	4,732
Outsourced cost	4,705	4,333
Repairs and maintenance	2,786	3,383
Computer expenses	3,477	3,301
Other expenses	4,782	4,858
Security expenses	1,378	1,149
Rent and rates	203	370
Training expenses	200	538
Cash movement expenses	681	1,170
Travelling and accommodation	964	1,130
Consultancy expenses	587	1,960
Corporate finance expenses	1,099	601
Legal expenses	372	726
Electricity	454	472
Office expenses	656	617
Directors' emoluments	789	443
Insurance expenses	453	387
Stationery expenses	281	306
Bank charges	273	490
Auditors' remuneration	200	200
Donations	536	165
Telephone expenses	100	95
Postage and courier expenses	90	108
	52,059	52,442

16. Taxation

(a) Income tax expense	31 Dec 2020	31 Dec 2019
	N'million	N'million
Current taxes on income for the reporting year	514	1,074
Tertiary education tax	608	358
Police trust fund levy	1	2
Capital gain tax	-	190
Information technology levy	281	304
Current income tax expense	1,404	1,928
Deferred tax expense	-	-
	1,404	1,928

(b) Reconciliation of income tax expense	31 Dec 2020	31 Dec 2019
	N'million	N'million
Profit before income tax expense	28,054	30,353
Income tax using the domestic corporation tax rate of 30%	8,416	9,106
Non-deductible expenses	12,042	10,240
Tax exempt income	(13,342)	(10,797)
Utilization of previously unrecognised tax losses	(9,140)	(5,394)
Current year unrecognised deferred tax credit/(charge)	2,024	(2,605)
Income Tax expense based on minimum tax (note 16d)	514	525
Tertiary education tax	608	358
Capital gain tax	-	190
Police trust fund (note 16e)	1	2
Information technology levy (note 16f)	281	304
	1,404	1,928

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

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

Reconciliation Of Effective Tax Rate

- (d) The income tax is based on minimum tax assessment in line with the Finance Bill Act 2020 as there is no taxable profit to charge tax. (2019: The basis of income tax is minimum tax assessment). The minimum tax is 0.25% of gross turnover less franked investment income.
- (e) The Nigerian Police Trust Fund Act (PTFA) 2019, stipulates that operating business in Nigeria to contribute 0.005% of their net profit to Police Trust Fund. In line with the Act, the Bank has provided for Police Trust Fund at the specified rate and recognised it as part of income tax for the year.
- (f) The National Information Technology Agency Act (NITDA) 2007, stipulates that specified companies contribute 1% of their profit before tax to National Information Development Agency. In line with the Act, the Bank has provided for Information technology levy at the specified rate and recognised it as part of income tax for the period.

17. Net Reclassification Adjustments for Realised Net Gains

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

18. Earnings Per Share (EPS)

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

	31 Dec 2020	31 Dec 2019
	N'million	N'million
Profit attributable to equity holders of the Bank	26,650	28,425
Weighted average number of ordinary shares in issue (million unit)	28,963	28,963
Basic & diluted earnings per share (expressed in kobo per share)	92	98

19. Cash and Balances With Central Bank

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

Financial Statement

Notes To The Financial Statements

- 19.1** Mandatory reserve deposits are not available for use in the Bank's day-to-day operations. It represents a percentage of the Customers' deposits and are non interest-bearing. The amount, which is based on qualified assets, is determined by the Central Bank of Nigeria from time to time. For the purpose of statement of cash flows, these balances are excluded from the cash and cash equivalents.
- 19.2** Special cash reserve represents special intervention reserve held with Central Bank of Nigeria.

20. Cash And Cash Equivalents

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

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

21. Due From Banks

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

Impairment Allowance for Due From Banks

The table below shows the credit quality and the maximum exposure to credit risk based on the external credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the external rating system are explained in Note 3.2.2 and policies about whether ECL allowances are calculated on an individual or collective basis are set out in Note 3.2.4.

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

- Due From Banks (Continued)

31 December 2019				
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
External rating grade				
Performing				
High grade	96,923	-	-	96,923
Standard grade	53,255	-	-	53,255
Total	150,178	-	-	150,178

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

31 December 2020				
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2020	150,178	-	-	150,178
New assets originated or purchased	107,521	-	-	107,521
Assets derecognised or repaid (excluding write offs)	(48,325)	-	-	(48,325)
Accrued interest	4,204	-	-	4,204
Foreign exchange adjustments	1,230	-	-	1,230
At 31 December 2020	214,808	-	-	214,808

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

Financial Statement

Notes To The Financial Statements

31 December 2019				
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2019	112,439	-	-	112,439
New assets originated or purchased	58,755	-	-	58,755
Assets derecognised or repaid (excluding write offs)	(23,828)	-	-	(23,828)
Accrued interest	989	-	-	989
Foreign exchange adjustments	1,823	-	-	1,823
At 31 December 2019	150,178	-	-	150,178

31 December 2019				
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2019	806	-	-	806
New assets originated or purchased	37	-	-	37
Assets derecognised or repaid (excluding write offs)	(560)	-	-	(560)
Unwind of discount	15	-	-	15
Foreign exchange adjustments	11	-	-	11
At 31 December 2019	309	-	-	309

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

22. Loans and Advances to Customers

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

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

22.1 Impairment Allowance for Loans and Advances to Customers

22.1.1 Corporate and Other Organisations

The table below shows the credit rating and the maximum exposure to credit risk based on the Bank's internal credit rating system and period end stage classification. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in Note 3.2.2 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 3.2.4.

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

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31 December 2019				
	Stage 1 Individual	Stage 2 Individual	Stage 3	2018 Total
	N'million	N'million	N'million	N'million
Internal rating grade Performing				
High grade (AAA - A)	73,755	-	-	73,755
Standard grade (BBB - B)	758,676	107,710	-	866,386
Sub-standard grade (CCC - CC)	-	148,865	-	148,865
Non- performing:				
Individually impaired	-	-	35,994	35,994
Total	832,431	256,575	35,994	1,125,000

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

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

31 December 2020				
	Stage 1 Collectively	Stage 2 Collectively	Stage 3	Total
	N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2020	5,654	19,188	22,951	47,793
New assets originated or purchased	4,876	-	-	4,876
Assets derecognised or repaid (excluding write offs)	(2,940)	(2,244)	(1,710)	(6,894)
Transfers to Stage 1	845	(845)	-	-
Transfers to Stage 2	(2,795)	2,795	-	-
Transfers to Stage 3	(2,445)	(45)	2,490	-
Amount written off	-	-	(13,846)	(13,846)
Impact on year end ECL of exposures transferred between stages during the year	6,120	2,254	26,137	34,511
Foreign exchange adjustments	290	197	16	503
At 31 December 2020	9,605	21,300	36,038	66,943

31 December 2019				
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2019	539,962	169,408	33,937	743,307
New assets originated or purchased	562,980	-	-	562,980
Assets derecognised or repaid (excluding write offs)	(164,848)	(39,386)	(17,510)	(221,744)
Transfers to Stage 1	67,838	(67,838)	-	-
Transfers to Stage 2	(198,054)	204,740	(6,686)	-
Transfers to Stage 3	-	(19,449)	19,449	-
Accrued interest	22,653	8,550	6,761	37,964
Foreign exchange adjustments	1,900	550	43	2,493
At 31 December 2019	832,431	256,575	35,994	1,125,000

31 December 2019				
	Stage 1 Collectively	Stage 2 Collectively	Stage 3	Total
	N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2019	11,155	16,454	14,427	42,036
New assets originated or purchased	7,386	-	-	7,386
Assets derecognised or repaid (excluding write offs)	(2,344)	(2,484)	(16,271)	(21,099)
Transfers to Stage 1	4,077	(4,077)	-	-
Transfers to Stage 2	(11,333)	11,370	(37)	-
Transfers to Stage 3	-	(8,256)	8,256	-
Impact on period end ECL of exposures transferred between stages during the period	(3,547)	5,861	16,016	18,330
Foreign exchange adjustments	260	320	560	1,140
At 31 December 2019	5,654	19,188	22,951	47,793

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

22.1.2 Loans to Individuals

The table below shows the credit rating and the maximum exposure to credit risk based on the Bank's internal credit rating system and year end stage classification. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in Note 3.2.2 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 3.2.4.

31 December 2020				
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Internal rating grade performing	N'million	N'million	N'million	N'million
High grade (AAA - A)	-	-	-	-
Standard grade (BBB - B)	43,626	277	-	43,903
Sub-standard grade (CCC - CC)	-	-	-	-
Past due but not impaired (C)	5,866	17	-	5,883
Non- performing:				
Individually impaired	-	-	3,636	3,636
Total	49,492	294	3,636	53,422

31 December 2019				
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Internal rating grade performing	N'million	N'million	N'million	N'million
High grade (AAA - A)	-	-	-	-
Standard grade (BBB - B)	46,745	24	-	46,769
Sub-standard grade (CCC - CC)	3,981	-	-	3,981
Past due but not impaired (C)	-	-	-	-
Non- performing:				
Individually impaired	-	-	2,639	2,639
Total	50,726	24	2,639	53,389

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

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

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

31 December 2019				
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2019	142,175	3,476	17,666	163,317
New assets originated or purchased	33,960	-	-	33,960
Assets derecognised or repaid (excluding write offs)	(148,800)	(44)	(2,218)	(151,062)
Transfers to Stage 1	19,595	(19,595)	-	-
Transfers to Stage 2	(388)	15,699	(15,311)	-
Transfers to Stage 3	-	(389)	389	-
Accrued interest	3,584	617	1,770	5,971
Foreign exchange adjustments	600	260	343	1,203
At 31 December 2019	50,726	24	2,639	53,389

31 December 2019				
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2019	3,300	48	11,360	14,708
New assets originated or purchased	3,015	-	-	3,015
Assets derecognised or repaid (excluding write offs)	(11,533)	-	(2,136)	(13,669)
Transfers to Stage 1	8,766	(8,766)	-	-
Transfers to Stage 2	(61)	8,944	(8,883)	-
Transfers to Stage 3	-	(183)	183	-
Impact on year end ECL of exposures transferred between stages during the period	(448)	(43)	17	(474)
Foreign exchange adjustments	23	-	19	42
At 31 December 2019	3,062	-	560	3,622

22.2 Advances Under Finance Lease May Be Analysed As Follows:

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

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

22.3 Nature Of Security in Respect of Loans and Advances:

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

23. Derivative financial instruments

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

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

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

24. Investments

24.1 Financial Assets at Fair Value Through Profit and Loss (FVTPL)

	31 December 2020	31 December 2019
	N'million	N'million
Financial assets at fair value through profit and loss (FVTPL)		
Held for trading:		
Federal Government bonds	30,389	1,875
Treasury bills	16,729	36,176
Placements	-	7,487
Total financial assets measured at FVTPL	47,118	45,538

24.2 Debt Instruments at Fair Value Through Other Comprehensive Income (FVOCI)

	31 December 2020	31 December 2019
	N'million	N'million
Debt instruments at fair value through other comprehensive income (FVOCI)		
Treasury bills	192,565	98,939
Federal Government bonds	66,938	18,147
State bonds	6,477	4,353
Corporate bonds	-	13,407
Total debt instruments measured at FVOCI	265,980	134,846

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

24.3 Equity instruments at Fair Value Through Other Comprehensive income (FVOCI)

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

24.3.1

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

24.4 Debt instruments at Amortised Cost

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

24.5 Pledged Assets

Treasury Bills and Bonds are pledged to the Nigerian Inter Bank Settlement System Company Plc (NIBSS) in respect of the Bank's ongoing participation in the Nigerian settlement system. The Bank pledged Treasury bills, Bonds and cash balance in its capacity as collection bank for government taxes and Interswitch electronic card transactions. The Bank also pledged Federal Government bonds and Corporate bonds denominated in foreign currency to Renaissance Capital in respect of its short term borrowings.

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

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

24.6 Impairment Losses on Financial Investments Subject to Impairment Assessment

24.6.1 Debt Instruments Measured at FVOCI

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

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

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

An analysis of Changes in the Fair Value and the Corresponding ECLs is, as Follows:

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

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

31 December 2019				
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2019	157,639	-	-	157,639
New assets originated or purchased	124,560	-	-	124,560
Assets derecognised or repaid (excluding write offs)	(152,922)	-	-	(152,922)
Accrued interest	1,435	-	-	1,435
Change in fair value	4,134	-	-	4,134
At 31 December 2019	134,846	-	-	134,846

31 December 2019				
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2019	279	-	-	279
New assets originated or purchased	541	-	-	541
Assets derecognised or repaid (excluding write offs)	(136)	-	-	(136)
Unwind of discount	99	-	-	99
At 31 December 2019	783	-	-	783

24.6.2 Debt Instruments Measured at Amortised Cost

The table below shows the credit quality and the maximum exposure to credit risk per based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in Note 3.2.2 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 3.2.4:

31 December 2020				
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Internal rating grade	N'million	N'million	N'million	N'million
Performing				
High grade	137,816	-	-	137,816
Standard grade	352	-	-	352
Total	138,168	-	-	138,168

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

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

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

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

31 December 2019				
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2019	118,872	-	-	118,872
New assets originated or purchased	51,409	-	-	51,409
Assets derecognised or repaid (excluding write offs)	(54,556)	-	-	(54,556)
Accrued interest	2,465	-	-	2,465
Foreign exchange adjustments	533	-	-	533
At 31 December 2019	118,723	-	-	118,723

31 December 2019				
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2019	210	-	-	210
New assets originated or purchased	48	-	-	48
Assets derecognised or repaid (excluding write offs)	(112)	-	-	(112)
Unwind of discount	8	-	-	8
At 31 December 2019	154	-	-	154

25. Property, Plant and Equipment

Property, Plant and Equipment	Land	Buildings	Leasehold improvements
		N'million	N'million
Cost			
At 1 January 2020	15,207	16,913	3,722
Additions	-	-	119
Reclassifications	336	153	-
Disposals	-	-	(6)
At 31 December 2020	15,543	17,066	3,835
Accumulated depreciation			
At 1 January 2020	-	(3,128)	(2,441)
Charge for the period	-	(335)	(226)
Reclassifications	-	-	-
Disposals	-	-	6
At 31 December 2020	-	(3,463)	(2,661)
Carrying amount at 31 December 2020	15,543	13,603	1,174
Cost			
At 1 January 2019	15,303	16,648	8,013
Additions	169	-	169
Reclassifications	59	308	8
Transfer to ROU asset	-	-	(4,448)
Disposals	(324)	(43)	(20)
At 30 December 2019	15,207	16,913	3,722
Accumulated depreciation			
At 1 January 2019	-	(2,798)	(5,914)
Charge for the period	-	(333)	(225)
Reclassifications	-	1	(1)
Transfer to ROU asset	-	-	3,698
Disposals	-	2	1
At 30 December 2019	-	(3,128)	(2,441)
Carrying amount at 31 December 2019	15,207	13,785	1,281

Office equipment	Furniture, fittings	Computer equipment	Motor vehicles	Work in progress	Total
N'million	N'million	N'million	N'million	N'million	N'million
9,531	2,288	17,921	5,780	1,207	72,569
262	49	1,763	698	475	3,366
195	-	-	-	(684)	-
(153)	(1)	(552)	(947)	-	(1,659)
9,835	2,336	19,132	5,531	998	74,276
(7,970)	(2,079)	(13,416)	(5,143)	-	(34,177)
(605)	(96)	(1,528)	(397)	-	(3,187)
-	-	-	-	-	-
152	1	552	823	-	1,534
(8,423)	(2,174)	(14,392)	(4,717)	-	(35,830)
1,412	162	4,740	814	998	38,446
8,908	2,254	13,673	6,015	1,477	72,291
258	41	4,267	266	604	5,774
499	-	-	-	(874)	-
-	-	-	-	-	(4,448)
(134)	(7)	(19)	(501)	-	(1,048)
9,531	2,288	17,921	5,780	1,207	72,569
(7,522)	(1,971)	(11,979)	(5,198)	-	(35,382)
(582)	(112)	(1,456)	(404)	-	(3,112)
-	-	-	-	-	-
-	-	-	-	-	3,698
134	4	19	459	-	619
(7,970)	(2,079)	(13,416)	(5,143)	-	(34,177)
1,561	209	4,505	637	1,207	38,392

26. Intangible Assets - Computer Software

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

These relate to purchased software.

The amortisation of intangible asset recognised in depreciation and amortisation in profit or loss was N2.347 billion for the year ended 31 December 2020 (31 December 2019: N1.623 billion).

27. Deferred Taxation

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

Deferred taxes are calculated on all temporary differences under the liability method using a statutory tax rate of 30% or 32% as applicable (2019: 30% or 32%).

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

27.1 Deferred Tax Assets

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

27.2

The Bank has unutilised capital allowance of N40.8 billion (31 Dec 2019: N32.9 billion), unused tax losses carried forward of N46.06 billion (31 Dec 2019: N55.93 billion) and deductible temporary difference of N14.36 billion (31 Dec 2019: deductible temporary difference N4.167 billion) to be offset against future taxable profits. There is no expiry date for the utilisation of these items.

The Bank has been incurring taxable losses primarily because of the tax exemption on income on government securities. The provisions of the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order, 2011 grants exemption to income from bonds and treasury bills from tax for a period of 10 years. The expiry date of the circular will be in the year 2021 and this trend would continue until the expiration of the tax holiday. Thus, the Bank has applied caution by not recognising additional deferred tax which is not considered capable of recovery..

28. Other Assets

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

Reconciliation of Allowance for Impairment

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

* The items classified as others are stock of ATM cards, stock electronic cards, and stock cheque books and stationeries.

* Prepayment relates to payments made by the bank on items whose benefits covers specified future period of time which beyond the current financial year e.g. Insurance premium, Advert and publicity, Computer expense and Subscription.

29. Right-of-Use Assets

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

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

30. Deposits from Customers

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

31. Other Liabilities

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

31.1

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

31.2

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

31.3

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

31.4

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

31.5

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

Included in the FGN Intervention fund is CBN Bailout Fund of N89.78billion (31 Dec 2019: N92.07 billion). This represents funds for states in the Federation that are having challenges in meeting up with their domestic obligation including payment of salaries. The loan was routed through the Bank for on-lending to the states. The Bailout fund is for a tenor of 20 years at 7% per annum and availed for the same tenor at 9% per annum until March 2020 .the rate was reduced to 5% for 1 year period due to Covid 19 pandemic. Repayments are deducted at source, by the Accountant General of the Federation (AGF), as a first line charge against each beneficiary state's monthly statutory allocation.

32. Provision

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

32.1

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

Movement in provision for year end bonus		
At 1 January	2,580	2,000
Arising during the year	2,792	2,537
Utilised	(2,824)	(1,957)
At the end of the year	2,548	2,580

	31 December 2020	31 December 2019
Movement in provision for litigations and claims	N'million	N'million
At 1 January	623	545
Arising during the year	-	111
Utilised	-	(33)
At the end of the year	623	623

32.2

Current Provision	3,452	3,172
Non-current provisions	623	623
	4,075	3,795

32.3 Impairment Losses on Guarantees and Letters of Credit

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

32.3.1 Performance bonds and guarantees

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and period end stage classification. Details of Bank's internal grading system are explained in Note 3.2.2 and policies on whether ECLs are calculated on an individual or collective basis are set out in Note 3.2.4.

31 December 2020				
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Internal rating grade				
Performing				
High grade	96,105	-	-	96,105
Standard grade	106,218	-	-	106,218
Sub-standard grade	6,110	-	-	6,110
Non- performing:				
Individually impaired	-	-	-	-
Total	208,433	-	-	208,433
31 December 2019				
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Internal rating grade				
Performing				
High grade	183,722	-	-	183,722
Standard grade	20,414	-	-	20,414
Non- performing:				
Individually impaired	-	-	-	-
Total	204,135	-	-	204,135

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

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

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

31 December 2019				
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2019	238,443	-	-	238,443
New exposures	95,578	-	-	95,578
Exposures matured/lapsed	(129,885)	-	-	(129,885)
At 31 December 2019	204,135	-	-	204,135

31 December 2019				
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2019	1	-	-	1
New exposures	1	-	-	1
Exposures matured/lapsed	(1)	-	-	(1)
At 31 December 2019	1	-	-	1

32.3.2 Letters of Credit

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. Details of Bank's internal grading system are explained in Note 3.2.2 and policies on whether ECLs are calculated on an individual or collective basis are set out in Note 3.2.4.

31 December 2020				
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Internal grading				
Performing				
High grade	91,690	-	-	91,690
Standard grade	76,706	-	-	76,706
Sub-standard grade	4,471	-	-	4,471
Non- performing				
Individually impaired	-	-	-	-
Total	172,867	-	-	172,867
31 December 2019				
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Internal grading				
Performing				
High grade	113,969	-	-	113,969
Standard grade	20,113	-	-	20,113
Non- performing				
Individually impaired	-	-	-	-
Total	134,082	-	-	134,082

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

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

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

31 December 2019				
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2019	188,641	-	-	188,641
New exposures	97,571	-	-	97,571
Exposures matured/lapsed	(152,130)	-	-	(152,130)
At 31 December 2019	134,082	-	-	134,082

31 December 2019				
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2019	797	-	-	797
New exposures	577	-	-	577
Exposures matured/lapsed	(439)	-	-	(439)
Changes in ECL during the year	(344)	-	-	(344)
At 31 December 2019	591	-	-	591

33. Debts Issued And Other Borrowed Funds

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

Reconciliation of debt issued and other borrowed funds:

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

33.1

The amount of N1.472 billion (31 Dec 2019: N3.979 billion) represents the amortised cost balance on the syndicated on-lending facility of \$40million granted to the Bank by Proparco Paris on 4 April 2016 to mature on 4 April 2021 at an interest rate of Libor plus 4.75% per annum. The initial loan matured on 4 April 2016 and was renewed on the same day. The Principal and Interest are repaid semiannually. The borrowing is an unsecured borrowing.

33.2

The amount of N23.485 billion (31 Dec 2019: N22.630 billion) represents the amortised cost balance in two different on-lending facility granted to the Bank by ADB. The first is a \$75million facility granted 6 October 2014 while the second is a \$40million facility granted on 7 May 2019. The \$75million facility was disbursed in two tranches. The first tranche of \$40million was disbursed on 6 October 2014 while the second tranche of \$35million was disbursed 15 July 2015 both to mature 6 October 2021. The \$40million facility was disbursed on 27 April 2019 and matures on 27 July 2021. Both facilities are at the interest rate of Libor plus 4.75% (for the \$75million facility) and 4.5% (for the \$40million facility) per annum. Interest is repaid semi-annually, with principal repayment at maturity. The borrowing is an unsecured borrowing.

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33.3

The amount of N2.771 billion (31 Dec 2019: N3.465 billion) represents the amortised cost balance in the on-lending facility of \$21.946 million granted to the Bank by European Investment Bank on 13 April 2015 to mature 2 March 2023 at an interest rate of Libor plus 3.99% per annum. Interest is repaid quarterly, with principal repayment at maturity. The borrowing is an unsecured borrowing.

33.4

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

33.5

On 11 October 2017, Fidelity Bank PLC issued a \$400 million five year Eurobond at a 10.50 percent coupon. The Bond was used to finance the existing bondholders who subscribed to the tender offer of \$256 million, while the balance (net of issuance costs) is used to support the trade finance business of Fidelity Bank. The issuance of the Bond was part of a strategic liability management exercise designed to extend, Fidelity Bank's debt maturity profile and proactively refinance the maturing 2018 Eurobond. The amount of N161.9 billion (31 Dec 2019 : N145.141 billion)) represents the amortised cost of \$400 million, 5- year, 10.50% Eurobond issued at 99.48% in October 2017. The principal amount is repayable in October 2022, while the coupon is paid semi annually.

33.6

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

33.7

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

34. Share Capital

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

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

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

35. Other Equity Accounts

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

Share Premium

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

Retained Earnings

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

Statutory Reserve

This represents regulatory appropriation to statutory reserve of 30% of profit after tax if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital.

Small Scale Investment Reserve

The Small scale investment reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small scale industries.

Non-Distributable Regulatory Reserve

The amount at which the loan loss provision under IFRS is less than the loan loss provision under prudential guideline is booked to a non-distributable regulatory reserve.

Fair Value Reserves

The fair value reserve includes the net cumulative change in the fair value of financial assets measured at fair value through other comprehensive income until the investment is derecognised or impaired.

AGSMEIS Reserve

Agri-Business/Small and Medium Enterprises Investment Scheme (AGSMEIS); AGSMEIS reserve is maintained to support the Federal Government's effort at promoting Agricultural businesses and Small and Medium Enterprises. Effective 2017 all Deposit Money Banks (DMBs) are required to set aside 5% of their Profit After Tax for equity investment in permissible activities as stipulated in the scheme guidelines. The fund is domiciled with CBN.

36. Cash Flows Generated from Operations

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

37. Contingent Liabilities and Commitments

37.1 Capital Commitments

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

37.2 Confirmed Credits and Other Obligations on Behalf of Customers

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

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

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

37.3 Litigation

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

38. Related Party Transactions with Key Management Personnel

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

38.1 Deposits/Interest Expense From Related Parties

Entity Controlled by key Management Personnel	Related party	Nature of relationship	Deposits at 31 Dec 2020	Interest expense 2020	Deposits at 31 Dec 2019	Interest expense 31 Dec 2019
		N	N	N	N	N
Geelis and Co Nig Limited (HM) (DP)	Insider related	Former Director	-	-	-	-
Cy Incorporated Nig Limited (DSRA)	Insider related	Former Director	28,298	-	25,449	-
Equipment Solutions and Logistics Services Limited	Insider related	Former Director	61,800	108	60,539	-
The Genesis Restaurant Limited	Insider related	Former Director	25,621,454	-	65,784,926	119
Next International Limited	Insider related	Former Director	-	-	-	-
Namjid. Com Limited	Insider related	Former Director	-	-	-	-
John Holt Plc	Insider related	Former Director	96,330,971	185,132	128,989,759	1,698,497
Transcorp Power Limited	Insider related	Former Director	51,148,328	-	46,473,115	-
Tenderville Ltd	Insider related	Former Director	-	-	-	-
Rosies Textile	Insider related	Former Director	599,939	54,023	-	-
Ass. Haulages (Nig) Ltd 2	Insider related	Former Director	15,347	-	-	-
Genesis Hub Limited	Insider related	Former Director	33,069,851	-	19,139,131	36,734
Genesis Deluxe Cinemas Limited	Insider related	Former Director	1,531,423	12,592	10,062,680	-
SUB-TOTAL			208,407,411	251,855	270,535,599	1,735,350
A-Z Petroleum Products Limited	Insider related	Former Director	34,366,842	-	517,867	-
Neconde Energy Limited	Insider related	Current Director	225,314,591	-	4,606,753,227	-
Dangote Industries Limited	Insider related	Former Director	713,473	-	665,554	-
Damos Practice Limited	Insider related	Former Director	45,480	-	43,032	-

Entity Controlled by key Management Personnel	Related party	Nature of relationship	Deposits at 31 Dec 2020	Interest expense 2020	Deposits at 31 Dec 2019	Interest expense 31 Dec 2019
		N	N	N	N	N
Alcon Nigeria Limited	Insider related	Current Director	5,603,327	-	5,267,332	-
Emeka Unachukwu	Insider related	Former Director	52,447,462	1,288	19,406	6,916
Agric Int'l Tech and Trade Limited	Insider related	Former Director	24,200,723	1,761,554	151,498,579	-
Congregation of Holy Spirit (Spiritan University Nneochi)	Insider related	Former Director	3,631,071	-	2,852,328	-
Otunba Seni Adetu	Insider related	Former Director	339,194	-	75,377	-
Mr. Ernest Ebi	Insider related	Former Director	21,813,337	9,063,605	236,563,500	2,664,855
Mr. Mustafa Chike-Obi	Insider related	Current Director	30,109,472	-		
Pastor Kings C. Akuma	Insider related	Current Director	273,038	14,845	4,294,959	69,485
Chief Charles Chidebe Umolu	Insider related	Former Director	30,068,483	93,181	2,602,325	46,118
Mr. Okeke Ezechukwu Michael	Insider related	Former Director	4,916,055	5,199	1,840,026	669
Alhaji. Isa Inuwa	Insider related	Current Director	4,059,621	-	-	-
Mr. Alex Chinelu Ojukwu	Insider related	Former Director	12,490,084	30	2,339,522	33
Mr. Chidi Agbapu	Insider related	Current Director	2,109,998	824	11,399,851	96,954
Mr. Chinedu Okeke	Insider related	Current Director	263,160	1,339		
Mr. Henry Obih	Insider related	Current Director	43,435,176	-		
Mrs. Amaka Onwughalu	Insider related	Current Director	2,872,517	1,931		
SUB-TOTAL			499,073,103	10,943,797	5,026,732,885	2,885,030
Transactions with Key Management Personnel	Insider Related		697,813,787	15,024,667	1,136,334,461	1,212,943
TOTAL			1,405,294,301	26,220,319	6,433,602,945	5,833,323

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38.2 Loans and Advances/Interest Income from Related Parties

Entity Controlled by key Management Personnel	Related party	Nature of Relationship	Loan amount Outstanding	Interest Income	
			31 Dec 2020	31 Dec 2020	
			N	N	
Cy Incorporated Nigeria Limited	Mrs. Onome Olaolu	Former Director	286,276,066	-	
Equipment Solutions And Logistics Services Limited	Mr. Ik Mbagwu	Former Director	767,029,435	-	
Blancote Oil & Gas Ltd	Ichie (Dr.) Nnaeto Orazulike	Former Director	195,969,649	6,561,945	
The Genesis Restaurant Ltd	Ichie (Dr.) Nnaeto Orazulike	Former Director	131,553,820	20,939,484	
Genesis Deluxe Cinemas	Ichie (Dr.) Nnaeto Orazulike	Former Director	388,091,382	71,111,862	
Genesis Hub Limited	Ichie (Dr.) Nnaeto Orazulike	Former Director	134,665,894	33,866,230	
Genesis Food Nigeria Ltd	Ichie (Dr.) Nnaeto Orazulike	Former Director	1,003,690,087	102,019,598	
Genesis Sojourner Ltd	Ichie (Dr.) Nnaeto Orazulike	Former Director	1,460,300,633	148,126,143	
Genesis Technical Company Ltd	Ichie (Dr.) Nnaeto Orazulike	Former Director	-	-	
Stanchions Nigeria Ltd	Ichie (Dr.) Nnaeto Orazulike	Former Director	400,000,000	-	
John Holt Plc	Chief Christopher Ezeh	Former Director	832,170,502	4,634,766	
A-Z Petroleum Limited	Mr. Alex Ojukwu	Former Director	4,099,071,134	66,814	
Agric Int'l Tech and Trade Limited	Mr. Ernest Ebi	Former Director	1,600,000,000	165,207,613	
Dangote Industries Limited	Mr. Ernest Ebi	Former Director	59,735,617,405	13,739,472,864	
Dangote Fertilizer Ltd	Mr. Ernest Ebi	Former Director	132,346,647	-	
Dangote Oil Refining Company Ltd	Mr. Ernest Ebi	Former Director	5,025,241,607	440,990,344	
Dangote Cement Plc -Obajana Plant	Mr. Ernest Ebi	Former Director	3,633,810,371	-	
Dangote Agro Inputs Limited	Mr. Ernest Ebi	Former Director	91,417,369	-	
Dangote Sugar Refinery Plc	Mr. Ernest Ebi	Former Director	86,415,855	-	
Tenderville Limited	Chief Christopher Ezeh	Former Director	20,613,032	3,787,943	
Neconde Energy Limited	Pastor Kings C. Akuma	Non-Executive Director	-	-	
SUB-TOTAL			80,024,280,888	14,736,785,606	

	Loan amount Outstanding	Interest Income	Facility Type	Status	Collateral Status
	31 Dec 2019	31 Dec 2019			
	N	N			
	286,276,066	-	Finance Lease/Overdraft	Lost	Perfected
	767,029,435	49,843,606	Term Loan/Overdraft	Lost	Perfected
	-	-	Term Loan/Overdraft	Performing	Perfected
	168,280,861	27,238,330	Term Loan/Overdraft	Performing	Perfected
	440,634,503	67,182,395	Term Loan	Performing	Perfected
	169,384,022	45,328,005	Term Loan/Overdraft	Performing	Perfected
	1,021,777,231	72,187,909	Term Loan/Overdraft	Performing	Perfected
	1,507,447,456	204,572,275	Term Loan/Overdraft	Performing	Perfected
	434,118,377	18,751,474	Term Loan/Overdraft	Performing	Perfected
	524,416,007	23,177,025	Term Loan/Overdraft	Performing	Perfected
	540,894,704	12,119,295	Term Loan	Performing	Perfected
	37,760,188	3,252,596	Term Loan/Overdraft	Performing	Perfected
	2,000,000,000	180,000,000	Term Loan	Performing	Perfected
	59,007,201,657	3,731,549,229	Term Loan	Performing	Perfected
	311,154,171	5,326,007	Term Loan	Performing	Perfected
	5,033,936,064	371,111,698	Term Loan	Performing	Perfected
	122,797,568	1,165,117	Term Loan	Performing	Perfected
	-	-	Term Loan	Performing	Perfected
	-	-	Term Loan	Performing	Perfected
	17,903,846	2,498,284	Term Loan/Overdraft	Performing	Perfected
	8,601,030,007	1,140,837,596	Term Loan	Performing	Perfected
	80,992,042,164	5,956,140,840			

Financial Statement

Notes To The Financial Statements

Entity Controlled by key Management Personnel	Related party	Loan amount Outstanding	Interest Income
		31 Dec 2020	31 Dec 2020
		N	N
Related party	Key management personnel		
Okonkwo Nnamdi John	Former Director	112,969,326	12,325,851
Chijioke Ugochukwu	Former Director	29,790,057	4,125,329
Mohammed Balarabe	Former Director	-	1,363,049
Odinkemelu Aku	Former Director	96,467,191	5,382,522
Onyeali - Ikpe Nneka Chinwe	Managing Director	213,125,819	7,451,335
Adegbolahan Simisola Joshua	Executive Director	144,865,952	1,374,458
Obaro Alfred Odeghe	Executive Director	205,294,554	5,964,961
Hassan Imam Galadanchi	Executive Director	131,388,570	3,798,150
Kevin Chukwuma Ugwuoke	Executive Director	36,206,119	1,665,412
Ichie (Dr.) Nnaeto Orazulike	Former Director	4,913,135	2,586,952
Nnamdi I. Oji	Former Director	-	421,728
Alex Chinelo Ojukwu	Former Director	-	184,072
Chief Charles Chidebe Umolu	Former Director	-	-
Kings Chukwu Akuma	Non Executive Director	11,089,180	820,750
SUB-TOTAL		986,109,904	47,464,569
TOTAL		81,010,390,791	14,784,250,175

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

	Loan amount Outstanding	Interest Income	Facility Type	Status	Collateral Status
	31 Dec 2019	31 Dec 2019			
	N	N			
	167,099,238	14,392,847	Term Loan/Credit Card	Performing	Perfected
	148,216,169	4,065,826	Term Loan/Credit Card	Performing	Perfected
	124,532,605	2,984,175	Term Loan/Credit Card	Performing	Perfected
	106,113,910	3,897,219	Term Loan/Credit Card	Performing	Perfected
	141,403,616	4,732,508	Term Loan/Credit Card	Performing	Perfected
	41,860,073	229,477	Term Loan/Credit Card	Performing	Perfected
	68,239,535	1,360,964	Term Loan/Credit Card	Performing	Perfected
	-	-	Term Loan/Credit Card	Performing	Perfected
		-	Term Loan/Credit Card	Performing	Perfected
	17,293,460	2,105,323	Credit Card	Performing	Perfected
	2,731,588	1,129,119	Credit Card	Performing	Perfected
	2,322,268	115	Credit Card	Performing	Perfected
	1,932,595	405,829	Credit Card	Performing	Perfected
	168,497	-	Term Loan	Performing	Perfected
	821,913,556	35,303,403			
	81,813,955,720	5,991,444,243			

38.3 Bank Guarantees in Favour of Key Management Personnel

December 2020				
Beneficiary Name	Related Entity	Name Of Related Bank Director	Position In Bank	Amount (N)
BOI	Genesis Sojourner Limited	Ichie (Dr.) Nnaeto Orazulike	Former Director	1,456,514,337
BOI	Genesis Deluxe Cinemas-Gateway Abuja	Ichie (Dr.) Nnaeto Orazulike	Former Director	81,653,454
BOI	Genesis Deluxe Cinemas A/C 2 (Imprest)	Ichie (Dr.) Nnaeto Orazulike	Former Director	318,272,350
Resilient Africa Real Estate Limited	Genesis Deluxe Cinemas (Revenue) Warri	Ichie (Dr.) Nnaeto Orazulike	Former Director	5,503,208
Continental Oil And Gas Limited	Hedo-Bec Engineering & Construction Limited	Pastor Kings C. Akuma	Non-Executive Director	504,000,000
Flour Mills Of Nig	The Genesis Restaurant Limited	Ichie (Dr.) Nnaeto Orazulike	Former Director	25,000,000
BOI	Genesis Foods Nigeria Limited	Ichie (Dr.) Nnaeto Orazulike	Former Director	973,522,817
National Universities Commission (NUC)	Congregation Of The Holy Spirit (Spiritan University Nneochi)	Ichie (Dr.) Nnaeto Orazulike / Mrs. Pauline Odinkemelu	Former Directors	200,000,000
				3,564,466,165

December 2019				
Beneficiary Name	Related Entity	Name Of Related Bank Director	Position In Bank	Amount (N)
National Universities Commission (NUC)	Congregation Of The Holy Spirit (Spiritan University Nneochi)	Ichie (Dr.) Nnaeto Orazulike /Pauline Odinkemelu	Former Director/ Executive Director	200,000,000
BOI	Genesis Deluxe Cinemas A/C 2 (Imprest)	Ichie (Dr.) Nnaeto Orazulike	Former Director	344,000,000
BOI	Genesis Deluxe Cinemas-Gateway Abuja	Ichie (Dr.) Nnaeto Orazulike	Former Director	73,327,121
BOI	Genesis Foods Nigeria Limited	Ichie (Dr.) Nnaeto Orazulike	Former Director	1,014,225,503
BOI	Genesis Sojourner Limited	Ichie (Dr.) Nnaeto Orazulike	Former Director	1,500,000,000
Flour Mills of Nig	The Genesis Restaurant Limited	Ichie (Dr.) Nnaeto Orazulike	Former Director	25,000,000
Honeywell Flour Mills	The Genesis Restaurant Limited	Ichie (Dr.) Nnaeto Orazulike	Former Director	25,000,000
				3,181,552,624

38.4 Key Management Compensation

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

39. Employees

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

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

The number of employees of the Bank, other than directors, who received emoluments in the following ranges (excluding pension contributions and certain benefits) were:

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

40. Directors' Emoluments

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

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

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

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

41. Compliance With Banking Regulations

41.1

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

S/N	Schedule Of Regulatory Contraventions As At 31 December 2020	
	Nature Of Contravention	Amount (N)
1	Penalty for FX Infraction in textile	2,000,000
2	Penalty for substituting OMO BILL Prior to Maturity by the Bank	2,000,000
3	Penalty for FX Infraction in textile importation as directed by CBN	410,000,000
4	Sanction on trade Infraction by the Bank	500,000
5	FX infraction-CBN	32,400,000
		446,900,000

Schedule Of Regulatory Contraventions As At 31 December 2019		
S/N	Nature Of Contravention	Amount (N)
1	Non refund of excess lending fees to customers as directed by CBN	2,000,000
2	Non-adherence to Complaints Resolution Service Agreement by the bank	2,000,000
3	Breach of competency framework in respect of Chief Audit Executive	2,000,000
4	Non-adherence to CBN Guidelines on ATM Operations in Nigeria	2,000,000
		8,000,000

41.2

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

S/N	Description	Number		Amount Claimed		Amount Refunded	
		Dec 2020	Dec 2019	Dec 2020	Dec 2019	Dec 2020	Dec 2019
				Million	Million	Million	Million
1	Pending complaints b/f	79	87	19,964	4,911	N/A	N/A
2	Received complaints	1,217	1,304	8,454	25,475	N/A	N/A
3	Resolved complaints	1,233	1,312	26,340	10,422	595	399
4	Unresolved complaints escalated to CBN	3	-	76	-	N/A	N/A
5	Unresolved complaints pending with the Bank c/f	60	79	2,002	19,664	N/A	N/A

41.3 Whistle Blowing Policy

The Bank complied with the CBN circular FPR/DIR/GEN/01/004 code of Corporate Governance for Banks and Discount Houses in Nigeria and Guidelines for Whistle Blowing Policy in Nigeria for the year ended 31 December 2020.

42. Gender Diversity

31 December 2020					
	Women		Men		Total
	Number	%	Number	%	
Board Members	2	14%	12	86%	14
Management staff (AGM & Above)	8	21%	30	79%	38
Total	10		42		52
31 December 2019					
	Women		Men		Total
	Number	%	Number	%	
Board Members	3	21%	11	79%	14
Management staff (AGM & Above)	6	17%	30	83%	36
Total	9		41		50

43. Statement Of Prudential Adjustments

Transfer to Regulatory Risk Reserve

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

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

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

44. Maturity Analysis Of Assets And Liabilities

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

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

Financial Statement

Notes To The Financial Statements

As at 31 December 2019			
	Maturing within	Maturing after	Total
	12 months	12 months	
ASSETS	N'million	N'million	N'million
Cash and balances with central bank	110,046	343,346	453,392
Due from banks	149,869	-	149,869
Loans and advances to customers	623,314	503,660	1,126,974
Investments:			
Financial assets at fair value through profit or loss	43,084	2,454	45,538
Debt instruments at fair value through other comprehensive income	110,701	24,145	134,846
Equity instruments at fair value through other comprehensive income	-	14,536	14,536
Debt instruments at amortised cost	67,283	51,286	118,569
Other assets	9,837	18,919	28,756
Right-of-use assets	-	1,529	1,529
Property, Plant and equipment	-	38,392	38,392
Intangible assets	-	1,636	1,636
TOTAL ASSETS	1,114,134	999,903	2,114,037
LIABILITIES	N'million	N'million	N'million
Deposits from customers	1,225,213	-	1,225,213
Current income tax liability	2,339	-	2,339
Other liabilities	151,938	245,136	397,074
Provision	3,172	623	3,795
Debt issued and other borrowed funds	60,028	191,558	251,586
TOTAL LIABILITIES	1,442,690	437,317	1,880,007

45. Reclassifications

During the year, the Bank reclassified interest expense on intervention loan of N1.041 billion in the statement of profit or loss and other comprehensive income. As such, the comparative amount was also reclassified for consistency. The amount reclassified in the prior year is N2.497 billion. The reclassification is from interest revenue to interest expense. This was done to comply with IAS 1.31, which states an entity shall not offset assets and liabilities or income and expenses, unless required or permitted by an IFRS.

46. Events after reporting period

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

Value Added Statements

For the year ended 31 December 2020

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

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

Five-Year Financial Summary

Financial Position	As at 31 Dec 2020	As at 31 Dec 2019	As at 31 Dec 2018	As at 31 Dec 2017	As at 31 Dec 2016
	N'million	N'million	N'million	N'million	N'million
Assets:					
Cash and balances with Central Bank	654,706	453,392	384,931	269,625	207,061
Due from other banks	213,916	149,869	111,633	52,287	49,200
Loans and advances to customers	1,326,106	1,126,974	849,880	768,737	718,401
Derivative financial assets	7,072	-	-	-	-
Investments:					
Financial assets at fair value through profit or loss	47,118	45,538	14,052	20,639	18,098
Debt instruments at fair value through other comprehensive income	265,980	134,846	157,639	-	-
Equity instruments at fair value through other comprehensive income	17,685	14,536	9,977	-	-
Debt instruments at amortised cost	137,804	118,569	118,662	-	-
Available for sale				76,815	88,586
Held to maturity				108,784	138,134
Other assets	44,380	28,756	35,124	43,194	37,510
Right-of-use assets	1,652	1,529	36,909	-	-
Property, plant and equipment	38,446	38,392	-	38,504	40,356
Intangible assets	3,283	1,636	1,076	629	795
Total Assets	2,758,148	2,114,037	1,719,883	1,379,214	1,298,141
Liabilities					
Deposits from customers	1,699,026	1,225,213	979,413	775,276	792,971
Derivative financial liabilities	1,143	-	-	-	-
Current income tax payable	2,307	2,339	1,609	1,445	1,327
Other liabilities	517,093	397,074	300,335	185,154	157,860
Provision	4,075	3,795	3,343	2,745	1,546
Debts issued and other borrowed funds	260,971	251,586	240,767	213,233	159,035
Total Liabilities	2,484,615	1,880,007	1,525,467	1,177,853	1,112,739
Equity					
Share capital	14,481	14,481	14,481	14,481	14,481
Share premium	101,272	101,272	101,272	101,272	101,272
Retained earnings	66,700	43,642	37,133	23,372	25,918
Statutory reserve	39,006	35,008	30,744	27,305	24,476
Small scale investment reserve (SSI)	764	764	764	764	764
Non-distributable regulatory reserve (NDR)	6,365	13,897	408	28,837	16,271
Fair value reserve/ Remeasurement reserve	39,615	20,969	7,038	5,330	2,220
AGSMEIS reserve	5,330	3,997	2,576	-	-
Total Equity	273,533	234,030	194,416	201,361	185,402
Total Liabilities and Equity	2,758,148	2,114,037	1,719,883	1,379,214	1,298,141

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

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

Note:

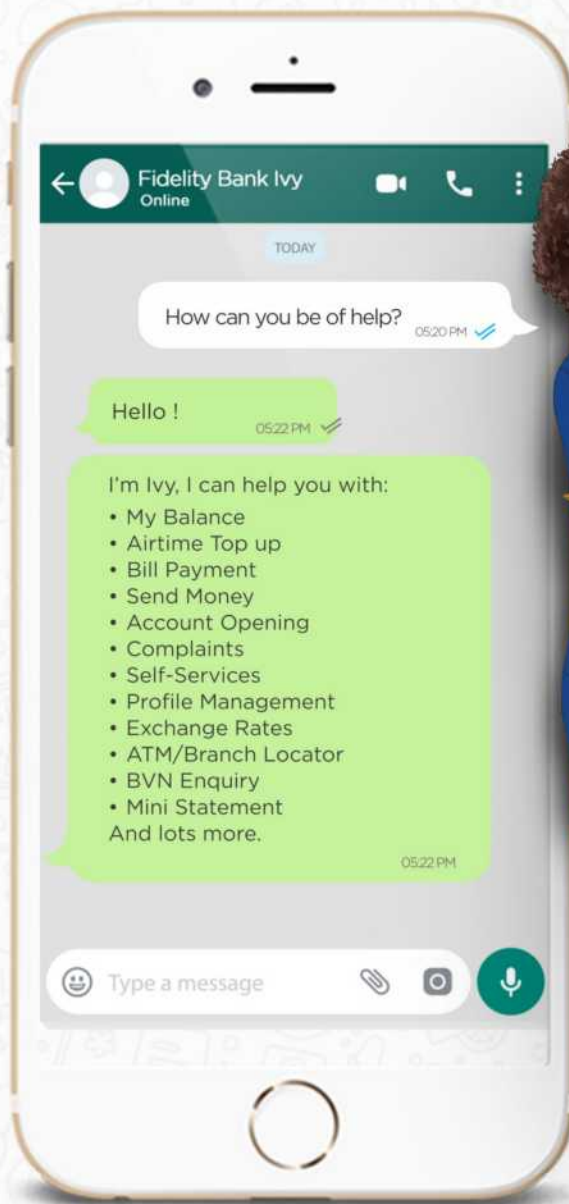
The earnings per share have been computed on the basis of the profit after tax and the number of issued shares as at year end.

Net assets per share have been computed based on the net assets and the number of issued shares at year end.

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**OTHER
REPORTS**

Stakeholders

Engagement

Introduction

The Board and Management of Fidelity Bank Plc recognise that effective shareholder engagement and dialogue can and often leads to improved corporate policies, more sustainable business practices, and greater transparency and responsibility. The Bank is therefore open to change especially if same has the potential to enhance the sustainability of our business by minimizing risk and protecting shareholder value.

Share Capital Structure

The Bank's Authorised Share Capital as at December 31, 2020 was N16,000,000,000.00 (Sixteen Billion Naira), divided into 32,000,000,000 (Thirty-two Billion) ordinary shares with a nominal value of 50 kobo each and the shares are quoted on the Nigerian Stock Exchange.

Paid up share capital currently stands at N14,481,292,846 divided into 28,962,585,692 shares. The Bank's shares are held by Nigerian citizens and corporations. The Bank currently has about 398,403 shareholders.

Relations with Shareholders

The Bank is committed to building and maintaining constructive and long-lasting relationships with shareholders and other stakeholders through regular meetings, forums and targeted group engagements. The Board recognizes the importance of a dual-way communication channel with the Bank's shareholders. The general meeting which is the primary avenue for interaction between the Shareholders, Management and the Board, is utilized effectively for this purpose.

The Board ensures that all shareholders are treated fairly, given equal access to information about the Bank as well as notices of shareholders' meetings. General meetings are conducted in an open manner allowing for free discussions on all issues on the agenda. The Board also ensures that the venue of the general meeting is accessible and that shareholders are not disenfranchised from attending the meeting on account of choice of venue.

As a result, the Bank's Annual General Meetings are well attended and shareholders who are unable to attend are encouraged to use the proxy cards sent with the Notice of Meeting. Proceedings at general meetings are monitored by the representatives of the Central Bank of Nigeria, Securities and Exchange Commission and Nigerian Stock Exchange, amongst others.

Fidelity believes that the key to positive engagement is for the Board and the stakeholders, including shareholders, customers and analysts, to interact in a way that is mutually beneficial, promotes constructive dialogue and ensures that legitimate concerns are raised and addressed. Thus apart from the statutory general meetings, other engagement forums offer an opportunity for shareholders and other stakeholders to deliberate and seek understanding of the Bank's financial results and strategic direction.

These consultations enable the Board and Management of the Bank to appreciate the perspectives of shareholders concerning the Bank's overall financial performance and future plans. Feedback from shareholder engagements assist in guiding the implementation of the Bank's corporate objectives. Furthermore, the quarterly, half-yearly and annual financial results are published in widely read national newspapers as well as on the Bank's website - www.fidelitybank.ng.

Protection of Shareholders' Rights

The Board ensures that Shareholders' rights are protected. In particular, the right to attend and vote at general meetings is effectively maintained without restrictions. All shareholders are treated equally regardless of size of shareholding or status. The Board also ensures that the Bank promptly renders to shareholders, documentary evidence of their ownership interest in the Bank such as share certificates and related instruments including secure electronic remittances (e-dividend and Central Securities Clearing System [CSCS] transfers).

Investor Relations Desk

The Bank has a robust Investor Relations Team that, in liaison with the Company Secretary, engages individual Shareholders, Institutional Investors, Fund Managers and Analysts. The Team, on a regular basis, publishes information on the Bank's strategic direction and provides in-depth analysis of published financial results and performance targets of the Bank through several channels including:

- Investors/Analysts Conference Calls
- One-on-One Meetings with Investors/Analysts
- Press Releases
- Financial Results Presentations
- Investor Conferences
- Non-Deal Roadshows
- Newspaper Publications
- Investor Relations Portal on the Bank's website
- Annual Report and Accounts

The Team has an annual programme of meetings with institutional investors. Management participates actively in these meetings and the Bank is able to develop an understanding of issues that are of concern to investors.

Fidelity continues to raise the level of its activities to enhance information disclosure with focus on disclosure of business and financial information and creating opportunities for dialogue, while taking into consideration the needs and expectations of our shareholders, investors and all stakeholders.

Investor Presentations which are prepared on a bi-annual basis are published on the Investors Section of the Bank's website. The Section also hosts Frequently Asked Questions (FAQs) to enable stakeholders obtain answers to critical questions.

Interested stakeholders may contact our Investor Relations Team on:

Telephone: +234 700 3433 5489

Email: info.investor@fidelitybank.ng

Website: www.fidelitybank.ng

Share Capital History

Year	Authorized (Additional) N	Authorized (Cumulative) N	Issued And Fully Paid (Additional) N	Issued And Fully Paid (Cumulative) N	Consideration
1988	3,000,000	3,000,000	1,865,000	1,865,000	Cash
1989	9,000,000	12,000,000	5,822,000	7,687,000	Bonus/Cash
1989	-	12,000,000	-	7,687,000	-
1990	3,000,000	15,000,000	1,153,050	8,840,050	Bonus/Cash
1991	25,000,000	40,000,000	4,959,950	13,800,000	Bonus/Cash
1992	20,000,000	60,000,000	13,800,000	27,600,000	Cash
1993	40,000,000	100,000,000	12,703,000	40,303,000	Bonus/Cash
1994	50,000,000	150,000,000	51,830,000	92,133,000	Bonus/Cash
1995	-	150,000,000	21,737,000	113,870,000	Bonus
1997	650,000,000	800,000,000	272,247,000	386,117,000	Bonus/Cash
1998	-	800,000,000	151,472,000	537,589,000	Bonus/Cash
2000	700,000,000	1,500,000,000	6,458,920	544,047,920	Cash
2001	-	1,500,000,000		544,047,920	
2001	500,000,000	2,000,000,000	272,023,960	816,071,880	Bonus
2002	-	2,000,000,000	36,501,911	852,573,791	Cash
2003	-	2,000,000,000	336,602,981	1,189,176,772	Cash
2004		2,000,000,000	344,554,220	1,533,730,992	Bonus/Cash
2004	4,000,000,000	6,000,000,000	519,088,134	2,052,819,126	Bonus
2005	2,000,000,000	8,000,000,000	2,222,101,272	4,274,920,398	Cash
2005	2,000,000,000	10,000,000,000	3,956,922,658	8,231,843,056	Merger/Cash
2007	2,500,000,000	12,500,000,000	249,449,790	8,481,292,846	Rights
2007	3,500,000,000	16,000,000,000	6,000,000,000	14,481,292,846	Public Offer

Unclaimed Dividend Report

Unclaimed Dividend As At December 31, 2020

Payt. No	Amount Of Dividend Declared N	Total Div. Paid (Jun 30 - Dec. 31, 2020) N	Total Div. Paid Up To June 30, 2020 N	Total Div. Paid Up To December 31, 2020 N	Date Of Payment	Unclaimed Dividend N	Total Amount Returned To Coy After 15 Months
1	7,819,898,220.00	2,157.83	7,580,432,275.19	7,580,434,433.02	11/13/2008	442,294.13	239,021,492.85
2	1,303,865,866.04	8,973.42	1,219,491,346.39	1,219,500,319.81	1/4/2010	1,084,754.60	83,280,791.63
3	651,932,933.02	0.00	576,408,347.96	576,408,347.96	8/13/2010	0.00	75,524,585.06
4	3,649,285,797.30	13,401.33	3,510,889,809.29	3,510,903,210.62	4/29/2011	148,199.78	138,234,386.90
5	3,649,285,796.40	11,291.35	3,519,699,094.32	3,519,710,385.67	5/9/2012	328,169.97	129,247,240.76
6	5,492,037,855.15	12,051.58	5,300,534,047.69	5,300,546,099.27	5/21/2013	1,221,888.92	190,269,866.96
7	3,661,087,989.94	106,578.83	3,297,487,651.81	3,297,594,230.64	5/2/2014	2,571,918.09	360,921,841.21
8	4,722,504,209.50	170,806.57	4,329,680,531.23	4,329,851,337.80	5/7/2015	13,222,477.78	379,430,393.91
9	4,197,866,869.25	213,292.22	3,814,395,955.80	3,814,609,248.02	5/5/2016	28,534,086.71	354,723,534.52
10	3,671,368,473.32	156,677.20	3,163,353,609.57	3,163,510,286.77	5/4/2017	13,919,004.38	493,939,182.17
11	2,867,295,983.51	228,103.50	2,455,479,879.81	2,455,707,983.31	5/25/2018	40,473,753.25	371,114,246.95
12	2,884,492,658.99	578,615,749.76	1,669,532,841.82	2,248,148,591.58	4/26/2019	63,254,749.07	573,089,318.34
13	5,250,154,407.50	7,256,369.25	2,542,950,929.10	2,550,207,298.35	4/30/2020	2,699,947,109.15	-
	49,821,077,059.92			43,567,131,772.82		2,865,148,405.83	3,388,796,881.26

Recommendations & Explanatory Notes

Relating To The Business To Be Conducted At The 33rd Annual General Meeting On 30th April 2021

Resolution 1

To lay before the members, the Audited Financial Statements for the year ended December 31, 2020, the Reports of the Directors, External Auditors and Audit Committee thereon.

Rationale:

Section 388(1) of the Companies and Allied Matters Act (CAMA), 2020 requires the Directors to lay before the Shareholders in General Meeting each year, the Company's Financial Statements which have been prepared by them in compliance with Section 404(1) of CAMA.

The Financial Statements include the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Notes to the Accounts, Five Year Financial Summary, Report of the Directors as well as the Reports of the Independent Auditors and Statutory Audit Committee.

The Financial Statements are prepared in compliance with specific regulatory requirements and accounting standards issued from time to time by the Nigerian Accounting Standards Board and present a true and fair view of the Company's business undertaking during the period under review.

The Directors Report contains important information on the financial performance of the Company, the amount (if any) recommended for payment as Dividend, details of the persons who held office as Directors during the year and the Directors' interest (direct or indirect) in the shares of the Company, amongst others.

The Chairman will therefore lay the Audited Financial Statements of the Company for the year ended December 31, 2020 before the Members at the Annual General Meeting.

During the meeting, representatives of the independent External Auditors, the Board appraisal consultants and the Statutory Audit Committee will also present their respective Reports and recommendations to Shareholders, as these form part of the Financial Statements.

Request:

Shareholders are requested to approve the resolution to lay before the members, the audited Financial Statements for the year ended December 31, 2020, the Reports of the Directors, External Auditors and Audit Committee thereon.

Resolution 2

To declare a Dividend of 22 Kobo per Ordinary Share.

Rationale:

The Directors recommend payment of a dividend of 22 Kobo per ordinary share entitled thereto for the year ended December 31, 2020.

Section 426(3) of CAMA stipulates that the General Meeting has the power to approve or decrease the amount of dividend recommended by the Directors, but not to increase the said sum.

If approval of the recommended dividend is obtained at the Annual General Meeting,

dividend will be paid on April 30, 2021 to Shareholders whose names are recorded in the Company's Register of Members at the close of business on April 16, 2021. Shareholders who have mandated their dividend to their bank accounts will be credited on the same date.

Request:

Shareholders are requested to vote in favour of the Resolution to declare a dividend of 22 Kobo per Ordinary Share, to enable the Directors pay the recommended dividend.

Resolution 3

To elect the following Directors who were appointed since the last Annual General Meeting:

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

Rationale:

Since the last Annual General Meeting, the following Directors, retired from the Board of Directors of the Bank, having completed their respective tenures in accordance with the Bank's policy:

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

In accordance with its Succession Planning Policy, the Board appointed the five (5) Non-Executive Directors and two (2) Executive Directors being presented for election. The appointments have all been approved by the Central Bank of Nigeria.

The new Directors bring to the Board robust multidimensional experience garnered from public, private and professional practice as detailed in their profiles below. This information is also available on the Bank's website at www.fidelitybank.ng.

Profile of Mustafa Chike-Obi: Non-Executive Director, Chairman of the Board

Mustafa Chike-Obi is the Executive Vice Chairman at Alpha African Advisory. He has over 40 years of experience in investment banking and the financial services sector, working with reputable global investment banking and asset management firms. He provides overall leadership at Alpha African Advisory and has direct oversight over the capital raising division.

Prior to joining Alpha African Advisory, he was the inaugural Chief Executive Officer of the Asset Management Corporation of Nigeria (AMCON), a Federal Government backed institution, established to resolve the problem of non-performing loan assets of Nigerian banks after the 2008 global financial crisis.

He started his Nigerian Banking career with Chase Merchant Bank from 1980 – 1982 as Head of Treasury Department and was Founding President at Madison Advisors, a financial services advisory and consulting firm in New Jersey, specializing in hedge funds and private equity investment advice. He also served as the Managing Director, Fixed Income at Shoreline Group and held senior positions at Goldman Sachs, Bear Stearns and Guggenheim Partners in the United States amongst others, where he acquired a broad knowledge base in capital market operations in both mature and emerging markets, including the development and marketing of fixed income securities products to institutional investors. His vast experience includes serving as the Chairman of the Public Securities Association Trading Practice Committee of the National Association of Securities Dealers, overseeing mortgage backed securities.

Mustafa was educated at the University of Lagos and Stanford University School of Business where he obtained a Bachelor's degree in Mathematics (First Class Honours) and Master's in Business Administration (MBA) respectively. He joined the Board of Fidelity Bank Plc in August 2020.

Profile of Engr. Henry Ikem Obih: Independent Non-Executive Director

Engr. Henry Obih was the Group Executive Director/Chief Operating Officer (GED/COO), Downstream, Nigerian National Petroleum Corporation (NNPC) until his retirement in 2019 and was subsequently appointed to the Board of Nigeria Liquefied Natural Gas Limited (NLNG) in July 2020.

He joins the Board of Fidelity Bank with significant cross-functional work experience and exposure spanning over three (3) decades, across different climes including Africa, Europe, Asia and the Americas. He has extensive experience in project and performance management, manufacturing and operations management, sales and marketing, strategy and business planning/analysis, business development/re-engineering, general management, corporate governance and risk management.

Prior to joining NNPC as GED/COO in 2016, Engr. Obih had a stellar 22-year career at Mobil Oil Nigeria (ExxonMobil Nigeria Downstream) and held several high-profile positions in the company including being Executive Director, Retail and Executive Director, Operations, Customer Service and Logistics.

His recent leadership roles include board positions at Nigeria Gas Marketing Company Limited, Pipelines and Products Marketing Company Limited, NNPC Retail Limited, NIDAS Marine Limited (a subsidiary of NNPC in joint venture with Daewoo Industries South Korea), NIKORMA Limited (a subsidiary of NNPC in joint venture with Hyundai Heavy Industries South Korea) and Duke Oil Company Inc.

Engr. Obih holds a bachelor's degree in Mechanical Engineering from the University of Nigeria, Nsukka (UNN) and an MBA in Financial Management from the University of Bradford, Yorkshire, England.

His professional affiliations include membership of the Institute of Directors, Society for Corporate Governance and Council for the Regulation of Engineering in Nigeria (COREN); Nigerian Institution of Mechanical Engineers; Institute of Credit Administration and Fellow of the Nigerian Society of Engineers.

He has attended executive programs in leadership, strategy, finance, corporate governance, and business management at some of the world's leading institutions including Columbia Business School, New York, Massachusetts Institute of Technology (MIT), IMD Lausanne, Switzerland, London Business School and Lagos Business School, Nigeria. He joined the Board in September 2020.

Profile of Mrs. Amaka Onwughalu: Non-Executive Director

Mrs. Amaka Onwughalu has over 30 years' banking experience including over 10 years in Executive Management in various financial institutions, with proven expertise across diverse segments including Commercial Banking, Retail Banking, Treasury Management, Banking Operations and Corporate Banking. She was the former Group Managing Director of legacy Mainstreet Bank Limited where she led the successful execution of a seamless integration of the bank with Skye Bank Plc where she served as Deputy Managing Director until her retirement in July 2016.

She is currently the Chief Executive Officer of Blueshield Financial Services Limited and holds a BSc Degree in Economics from the University of Buckingham, an MSc Degree in Corporate Governance from Leeds Metropolitan University, United Kingdom and an MBA from the University of Port Harcourt, Nigeria. She gained further exposure and training at the Executive Business School, INSEAD, France; IMD Business School, Lausanne, Switzerland; Judge Business School, University of Cambridge; and Columbia Business School, USA.

Mrs. Onwughalu is a Senior Fellow of the Institute of Internal Auditors of Nigeria; a Fellow of the Institute of Credit Administration (ICA); a Member of the Nigeria Institute of Management (NIM); an Honorary Member of the Chartered Institute of Bankers of Nigeria (CIBN); and a Fellow of the Institute of Directors (IoD). She is passionate about mentoring the Girl Child and committed to supporting women entrepreneurs/professionals to contribute their quota to stimulating economic development in Nigeria. She is a Paul Harris Fellow and recipient of various prestigious awards including the National Merit Award for Accountability and Transparency (NMAT), the Award of Excellence and Distinction for Financial Management (AEDFM) and the Vocational Service Award (VSA) from the Rotary Club, Enugu. She joined the Board in December 2020.

Profile of Mr. Nelson Nweke: Non-Executive Director

Mr. Nelson Nweke, currently serves as the Managing Director of Neilville Nigeria Limited and had an extensive career in the financial services sector, rising to the position of Executive Director at legacy Intercontinental Bank Plc. His banking industry experience covers Operations, Public Sector, Corporate Services and Human Resources Administration. He holds a B.Sc. in Political Science and an M.Sc. in Industrial and Labour Relations, both from the University of Ibadan and has attended various executive development programmes at world class business schools including INSEAD, France; IMD, Lausanne, Switzerland; and Harvard Business School amongst others.

Mr. Nweke is an Associate Member of the Chartered Institute of Stockbrokers (CIS), Member Chartered Institute of Personnel Management (CIPM) and Nigeria Institute of Management (NIM). Prior to joining the Board of Fidelity Bank, Mr. Nelson Nweke had previously served as a Non-Executive Director of Premium Pension Limited and was a member of the Governing Council of Anambra State Investment Promotion and Protection Agency between 2014 and 2018. He is presently an Independent Non-Executive Director at Berger Paints PLC.

Profile of Mr. Chinedu Okeke: Non-Executive Director

Chinedu Eric Okeke is the Managing Director of Azura Power West Africa Limited, an infrastructure development and operating company with special focus on emerging markets in Africa, including Nigeria. Prior to joining Azura in 2014, Mr. Okeke had a stellar career spanning over nineteen years in a succession of blue-chip companies including Guinness Nigeria Plc, Lafarge Plc, Schlumberger Oilfield Services, and General Electric (GE). His areas of interest and specialization across geographies (Nigeria, France, South Africa, Vietnam and Pakistan), includes Technology, Power, Corporate Strategy, Finance, Market Analysis and International Development.

Mr. Okeke has held executive and senior management positions in various climes, with direct responsibility for teams of diverse and multicultural professionals and demonstrated ability to develop and maintain strategic client relationships and deliver quality results under complex conditions. He holds a B.Eng. Degree in Electronic Engineering from the University of Nigeria, Nsukka (UNN) and an MBA from Imperial College, London. He has attended executive training programmes at various premier institutions including Gordon Institute of Business Science, South Africa; INSEAD, France; Graduate School of Business, Stanford, USA; College of Management, Georgia Institute of Technology, USA and GE John F. Welch Leadership Development Centre, USA. He joined the Board in January 2021.

Profile of Mr. Kevin Ugwuoke: Executive Director

Kevin Ugwuoke joined Fidelity Bank in 2015 as General Manager, Chief Risk Officer. He was appointed to the Board in July 2020 and is the Executive Director Risk Management/Chief Risk Officer of the Bank. He is currently responsible for Enterprise Risk Management including Credit Risk Management, Credit Strategy & Policy, Risk Measurement, IT Risk Management, Market Risk Management and Operational Risk Management.

He has over 30 years of banking experience across various banks namely Citi Bank, Access Bank Plc, United Bank for Africa Plc and Mainstreet Bank Limited, where he worked in various capacities in Banking Operations, Commercial Banking, Corporate Banking and Risk Management. Over the period, he was also Chief Risk Officer of United Bank for Africa Plc and Mainstreet Bank Limited.

Kevin holds a bachelor's degree (First Class) in Civil Engineering from the University of Nigeria, Nsukka. He also holds a Post Graduate Diploma in Management from Edinburgh Business School of Herriot-Watt University. He has attended several executive trainings in world-class institutions, including Wharton and Harvard Business School. He is a Senior Honorary Member of the Chartered Institute of Bankers of Nigeria.

Profile of Dr. Kenneth Opara: Executive Director

Dr. Kenneth Opara joined the Board on January 1, 2021 as the Executive Director Lagos & South West Directorate. Prior to his appointment, Dr. Opara served as General Manager/Regional Bank Head, Ikeja Region. He has over 29 years' experience in banking and worked at various financial institutions including legacy Omega Bank Plc, Equatorial Trust Bank Plc and Manny Bank Plc, before joining Fidelity Bank Plc in 2006, following its merger with Manny Bank Plc.

He has core-banking experience in diverse areas of banking including Credit, Treasury, Retail, Consumer and Commercial Banking, International Operations and Corporate Banking and has held senior management positions in the industry including Divisional Head, Managed SMEs, Multilateral Agencies & Trade Missions; Division Head, SMEs, Electronic & Consumer Banking; Head, Private & Consumer Banking, Head, Affinity Banking & Corporate Consumer Banking; and Head Consumer & Commercial Banking.

Dr. Opara has attended executive management programs at Harvard Business School, Kellogg School of Management, Wharton, INSEAD and Lagos Business School amongst others. He is a Fellow of the Chartered Institute of Bankers of Nigeria (CIBN) and an active member of the Institute's Governing Council, where he currently serves as 1st Vice President, having previously served as 2nd Vice President and National Treasurer of the Institute.

He holds a Bachelor of Science (B.Sc.) degree in Finance and Master of Business Administration (MBA) from the University of Nigeria, Nsukka and a Ph.D. in Credit Management from International University of Panama.

Request:

Shareholders are requested to vote in favour of the resolution for election of the underlisted Directors of the Bank:

- (i) Mr. Mustafa Chike-Obi, Non-Executive Director/Chairman.
- (ii) Engr. Henry Obih, Independent Non-Executive Director.
- (iii) Mrs. Amaka Onwughalu, Non-Executive Director.
- (iv) Mr. Nelson Nweke, Non-Executive Director.
- (v) Mr. Chinedu Okeke, Non-Executive Director.
- (vi) Mr. Kevin Ugwuoke, Executive Director.
- (vii) Dr. Kenneth Opara, Executive Director.

Resolution 4

Re-election of Pst. Kings Akuma and Mr. Chidi Agbapu as Non-Executive Directors.

Rationale:

In accordance with Section 285 of CAMA 2020 and Article 95(1) of the Company's Articles of Association, one-third of the Non-Executive Directors for the time being (or the number closest to it) are required to retire from office at each Annual General Meeting and if eligible, offer themselves for re-election at the same meeting.

The Directors to retire by rotation every year are those who have served longest in office since their last election. To give effect to the foregoing provisions, Pst. Kings Akuma and Mr. Chidi Agbapu shall retire by rotation at the Annual General Meeting and being eligible, have offered themselves for re-election. The Board confirms that a formal evaluation was conducted to assess the performance of both Non-Executive Directors and recommends their re-election.

The profiles of the Non-Executive Directors standing for re-election are detailed below and also available on the Bank's website at www.fidelitybank.ng.

Profile of Pst. Kings Akuma: Non-Executive Director

Pst. Kings C. Akuma is the Managing Director/Chief Executive of both Akvidson Engineering & Constriction Ltd and Hedo-Bec Engineering and Construction Company Limited, both frontline engineering companies in the oil and gas services sector. Prior to joining Akvidson, Akuma headed the Non-Oil & Gas business of ALCON Nigeria Limited, a major player in the oil, gas and power sector and before then, was the Managing Director of Hammakopp Consortium Limited, an affiliate of Nestoil Group Plc, where he served as the Executive Director in charge of Operations and Quality.

He holds a B.Sc. in Accounting from the University of Nigeria, Nsukka and a Master's in Business Administration from the University of Lagos.

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

Profile of Mr. Chidi Agbapu: Non-Executive Director

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

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

Agbapu currently serves on the Boards of various companies including NGX Group Plc (the holding company of the Nigerian Stock Exchange), and MTI Limited, Accra, Ghana. He served as a Director of Bendel Feeds and Flour Mills Plc and Central Securities Clearing System (CSCS) Limited for seven (7) years.

He has attended several courses on Governance, Leadership and Strategy at Wharton School of Pennsylvania and Stock Exchanges of Thailand, New York and Kuwait. Until his appointment as a Non-Executive Director of the Bank, Chidi Agbapu was the Chairman of the Statutory Audit Committee of Fidelity Bank Plc. He joined the Board on September 3, 2018.

Request:

Given their extensive experience, skills, background and contributions, the Board believes that Pst. Kings Akuma and Mr. Chidi Agbapu will continue to add value to the Board and the Company and requests that Shareholders should vote in favour of the resolution for their re-election.

Resolution 5

To approve the appointment of Messrs. Deloitte & Touché as the Bank's External Auditors in place of the retiring External Auditor (Ernst & Young).

Rationale:

Section 401(1)(b) CAMA 2020 provides that every Company at each Annual General Meeting shall appoint an auditor or auditors to audit the financial statements of the Company and to hold office from the conclusion of that, until the conclusion of the next Annual General Meeting. The CBN Code of Corporate Governance for Banks and Discount Houses, 2016 and the Nigerian Code of Corporate Governance, 2018, specifies a maximum tenure of 10 years for External Auditors from the date of their first appointment.

The Bank's current Auditors (Ernst & Young) will complete the maximum 10 year tenure on May 5, 2021 and are therefore not eligible for re-appointment.

A resolution will be proposed at the Annual General Meeting to approve the appointment of Deloitte & Touché as the new Auditors of the Bank. The appointment of Deloitte & Touche was the outcome of a rigorous and competitive selection process. The approval of the Central Bank of Nigeria, has been obtained for the appointment of Deloitte & Touche.

Request:

Shareholders are requested to approve the resolution appointing Messrs. Deloitte & Touche as the Bank's External Auditors in place of the retiring External Auditor.

Resolution 6

To authorize the Directors to fix the remuneration of the Auditors.

Rationale:

Section 408(1)(b) CAMA 2020 provides that the remuneration of the Auditors shall be fixed by the Company in General Meeting or in such manner as the Company in General Meeting may determine.

A resolution will be proposed at the Annual General Meeting to authorize the Directors to determine the remuneration of the Auditors for the period of the appointment.

In this regard, the Directors will be guided by the provisions of Section 404(7)(e) of CAMA which authorizes the Audit Committee to make recommendations to the Board on the appointment, removal and remuneration of the external auditors of the Company.

Request:

Shareholders are requested to approve the resolution authorizing the Directors to fix the remuneration of the Auditors for the financial year ending 31 December 2021.

Item 7

To disclose the remuneration of the Managers of the Company.

Rationale:

Sections 238 and 257 of CAMA 2020 requires that the ordinary business for Annual General Meetings should include an item on the disclosure of the remuneration of the Managers of the company.

Premised on the foregoing, Shareholders are informed that the remuneration of the Managers of the Company is disclosed in Note 40 of the audited accounts for the 2020 financial year.

Resolution 7

To elect members of the Statutory Audit Committee

Rationale:

By virtue of Section 404(2) of CAMA, all public limited companies are mandated to establish Audit Committees. The Act also requires that the Committee should be comprised of a maximum of five (5) members, three Shareholders and two Non-Executive Directors.

Section 404(6) of CAMA specifically provides that a Shareholder may nominate another Shareholder for election as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 days before the Annual General Meeting.

The responsibilities of the Audit Committee (which is required to present its Report to Shareholders at each Annual General Meeting), include the following:

- (a) Ascertain whether the accounting and reporting policies of the company are in accordance with legal requirements and agreed ethical practices;
- (b) Review the scope and planning of audit requirements;
- (c) Review the findings on management matters in conjunction with the external auditor and departmental responses thereon;
- (d) Keep under review the effectiveness of the company's system of accounting and internal control;
- (e) Make recommendations to the board with regard to the Auditors' report and audit committee. Fifth Schedule. appointment, removal and remuneration of the external auditors of the company; and
- (f) Authorise the internal auditor to carry out investigations into any activities of the company which may be of interest or concern to the committee.

Shareholders are requested to vote at the meeting, to elect three members on the Audit Committee.

The nominees would be presented to the meeting. Voting on this resolution will be conducted strictly by a show of hands in compliance with the provisions of Section 248(1) of CAMA or electronically.

Request:

Shareholders are requested to vote on this resolution to elect three (3) representatives to the Audit Committee for the 2021 financial year.

Resolution 8

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

“That Non-Executive Directors’ remuneration for the financial year ending December 31, 2021 and succeeding years until reviewed by the Company in General Meeting, be and is hereby fixed at N20,000,000.00 for each Non-Executive Director and N27,500,000.00 for the Chairman of the Board of Directors”.

Rationale:

The Directors remuneration is required to be approved by the members at the General Meeting in line with the provisions of Section 293 of CAMA 2020. The remuneration of Directors is reviewed periodically to ensure that the Bank continues to attract individuals with the professional backgrounds, skills, experience and competencies that would complement the Board, support the achievement of the Bank’s strategy, enrich deliberations of the Board and its Committees and improve the overall effectiveness of the Board.

Directors remuneration was last reviewed at the Annual General Meeting of May 7, 2015. The current review is the outcome of a comprehensive industry survey undertaken at the instance of the Board by the Bank’s External Consultants.

Request:

Shareholders are requested to approve the remuneration of the Non-Executive Directors for 2021 financial year and until same is reviewed by members at a General Meeting.



Communications Policy

The Bank has a formal Communications Policy which complies with the Laws, Rules and Regulations guiding the Nigerian Banking Industry as well as the Codes of Corporate Governance issued by its primary and other Regulators. These includes the Banks and Other Financial Institutions Act (BOFIA), 2020 Companies and Allied Matters Act (CAMA), 2020 and the Codes of Corporate Governance issued by the Central Bank of Nigeria and the Securities and Exchange Commission (SEC) Attention is also drawn to the following:

- (a) **Efficiency:** The Bank uses modern communication technologies in a timely manner to convey its messages to target groups, while building synergies and strategic alliances across multi-media platforms.
- (b) **Cultural Awareness:** The Bank operates in a multi-cultural environment and recognises the need to be sensitive to the cultural peculiarities of its operating environment.
- (c) **Feedback:** The Bank actively and regularly seeks feedback on its image and communication activities not only from the media and target groups but also the general public.

Information Dissemination

The Bank's Brand and Communications Division oversees the implementation of the Communications Policy as well as the process of dissemination of information from the Bank. The Chief Human Resources Officer is responsible for ensuring that a copy of the Policy is available to each Fidelity Bank employee via the Bank's intranet while the Chief Internal Auditor ensures compliance.

The background of the page is a complex, light blue wireframe graphic that resembles a modern building's facade or a series of overlapping architectural planes. The lines are thin and create a sense of depth and structure.

FORMS

Fidelity Bank Plc

Proxy Form



Thirty-third Annual General Meeting to be held at 10.00 a.m. on Friday, the 30th of April, 2021 at the Africa-Asia Meeting Room, Eko Hotel & Suites, Plot 1415, Adetokunbo Ademola Street, Victoria Island, Lagos.

I/We _____ of _____ being a Shareholder(s) of Fidelity Bank Plc hereby appoint **Mr. Mustafa Chike-Obi** or **Mrs. Nneka C. Onyeali-Ikpe** or **Alhaji Isa Mohammed Inuwa** or **Sir Sunny Nwosu** or **Chief Timothy Adesiyon** or **Mrs. Bisi Bakare** or **Mr. Alex Adio** or **Mr. Nornah Awoh** or **Mr. Gbenga Idowu** or **Mr. Gbenga Idowu** or **Mr. Boniface Okezie** or **Mrs. Adetutu Siyonbola** or **Dr. Umar Faruk** as my/our Proxy to act and vote for me/us on my/our behalf at the 33rd Annual General Meeting to be held on the 30th day of April 2021 and at any adjournment thereof.

Dated this _____ day of _____ 2021.

Shareholder's Signature _____

	No	Ordinary Business	For	Against	
I/We desire this proxy to be used in favour of/or against the resolution as indicated alongside (strike out whichever is not required).	1.	To lay before the members, the Audited Financial Statements for the year ended December 31, 2020, the Reports of the Directors, External Auditors and Audit Committee thereon.			
	2.	To declare a Dividend.			
	3.	To elect the following Directors who were appointed since the last Annual General Meeting:			
	i.	Mr. Mustafa Chike-Obi, Non-Executive Director/Board Chairman.			
	ii.	Engr. Henry Obih, Independent Non-Executive Director			
	iii.	Mrs. Amaka Onwughalu, Non-Executive Director.			
	iv.	Mr. Nelson Nweke, Non-Executive Director.			
	v.	Mr. Chinedu Okeke, Non-Executive Director.			
	vi.	Mr. Kevin Ugwuoke, Executive Director.			
	vii.	Dr. Kenneth Opara, Executive Director.			
	4.	To re-elect the following Directors retiring by rotation:			
	i.	Pst. Kings Akuma, Non-Executive Director.			
	ii.	Mr. Chidi Agbapu, Non-Executive Director.			
	5.	To approve the appointment of Messrs. Deloitte & Touche as the Bank's External Auditors in place of the retiring External Auditor (Ernst & Young).			
	6.	To authorize the Directors to fix the remuneration of the External Auditors for 2021.			
	7.	To disclose the remuneration of the managers of the Company.			
	8.	To elect the members of the Audit Committee.			
			Special Business	For	Against
	9.	To consider and if thought fit, pass the following as an Ordinary Resolution: "That Non-Executive Directors' remuneration for the financial year ending December 31, 2021 and succeeding years until reviewed by the Company in Annual General Meeting, be and is hereby fixed at N20,000,000.00 for each Non-Executive Director and N27,500,000.00 for the Chairman of the Board 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 _____

Proxy Form (Cont'd)

Note:

- (i) A Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a Proxy in his stead. All proxy forms should be deposited at the registered office of the Registrar (as in the Notice) not later than 48 hours before the meeting.
- (ii) In the case of Joint Shareholders, any of them may complete the form, but the names of all Joint Shareholders must be stated.
- (iii) If the Shareholder is a Corporation, this form must be executed under its Common Seal or under the hand of some of its officers or an attorney duly authorized.
- (iv) The Proxy must produce the Admission Card sent with the Notice of the meeting to gain entrance to the meeting.
- (v) It is a legal requirement that all instruments of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of Shareholders must bear appropriate stamp duty from the Stamp Duties Office (not adhesive postage stamps).
- (vi) To ensure the safe conduct of the meeting and the Bank's compliance with applicable regulations, the meeting will be convened and conducted in compliance with guidelines issued by the Government, the Corporate Affairs Commission (CAC) and health authorities, which are aimed at curbing the spread of COVID-19. Given extant regulations limiting public gatherings, Shareholders are enjoined to appoint a proxy of their choice from the options above.
- (vii) The meeting will be streamed live online on the Bank's website and social media platforms, to enable Shareholders and Stakeholders who will not be attending the meeting physically, to follow the event and be part of the proceedings. .



Fidelity Bank Plc

Admission Card

For the 33rd Annual General Meeting to be held at 10:00 a.m. on April 30, 2021 at the Africa-Asia Meeting Room, Eko Hotel & Suites, Plot 1415, Adetokunbo Ademola Street, Victoria Island, Lagos at 10:00 a.m. on Friday, April 30, 2021.

Please admit _____ to the 33rd Annual General Meeting of Fidelity Bank Plc.

Name of Shareholder: _____

Account Number:

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Number of Shares Held: _____

Signature of person attending _____

- This admission card should be produced by the Shareholder or his proxy in order to obtain entrance to the Annual General Meeting.
- You are requested to sign this card at the entrance in the presence of the Company Secretary or her Nominee on the day of the Annual General Meeting.

Fidelity Bank Plc RC103022



Fidelity Bank Plc

Admission Card

For the 33rd Annual General Meeting to be held at 10:00 a.m. on April 30, 2021 at the Africa-Asia Meeting Room, Eko Hotel & Suites, Plot 1415, Adetokunbo Ademola Street, Victoria Island, Lagos at 10:00 a.m. on Friday, April 30, 2021.

Please admit _____ to the 33rd Annual General Meeting of Fidelity Bank Plc.

Name of Shareholder: _____

Account Number:

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Number of Shares Held: _____

Signature of person attending _____

- This admission card should be produced by the Shareholder or his proxy in order to obtain entrance to the Annual General Meeting.
- You are requested to sign this card at the entrance in the presence of the Company Secretary or her Nominee on the day of the Annual General Meeting.

Fidelity Bank Plc RC103022



Change Of Address/Shareholder's Data Update Form

Instructions: Please fill the form and return to the address below:

The Registrar,
 First Registrars & Investor Services Limited,
 2, Abebe Village Road, Iganmu,
 P. M. B. 12692, Lagos, Nigeria.

Request For Change of Address

Kindly change my/our address in respect of my/our holdings in the company indicated below:

(I) Fidelity Bank Plc <input style="width: 40px; height: 25px; border: 1px solid black;" type="checkbox"/>	Shareholder's Account Number (If Known) <table border="1" style="width: 100%; height: 25px; border-collapse: collapse;"> <tr> <td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td> </tr> </table>																				

Shareholder's Account Information

Surname/Company

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Other Names

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Previous Address

City

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State

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Present/New Address

City

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State

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Mobile Telephone

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Email Address

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Shareholder's Signature/Thumb Print

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Joint/Corporate Shareholder(s) Signature & Company Seal

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- NOTES**
- (a) When completed on behalf of a corporate body, each signatory should state the representative capacity, e.g. Company Secretary, Director, etc.
 - (b) When the holding is in more than one name, all of the security holders must sign.
 - (c) Please note that this request would not be processed if the signature(s) herein differs from that which appears in the Registrar's records.
 - (d) Please attach a copy of your CSCS Statement to this form as evidence that a CSCS Account has been opened for you.

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branches today for:

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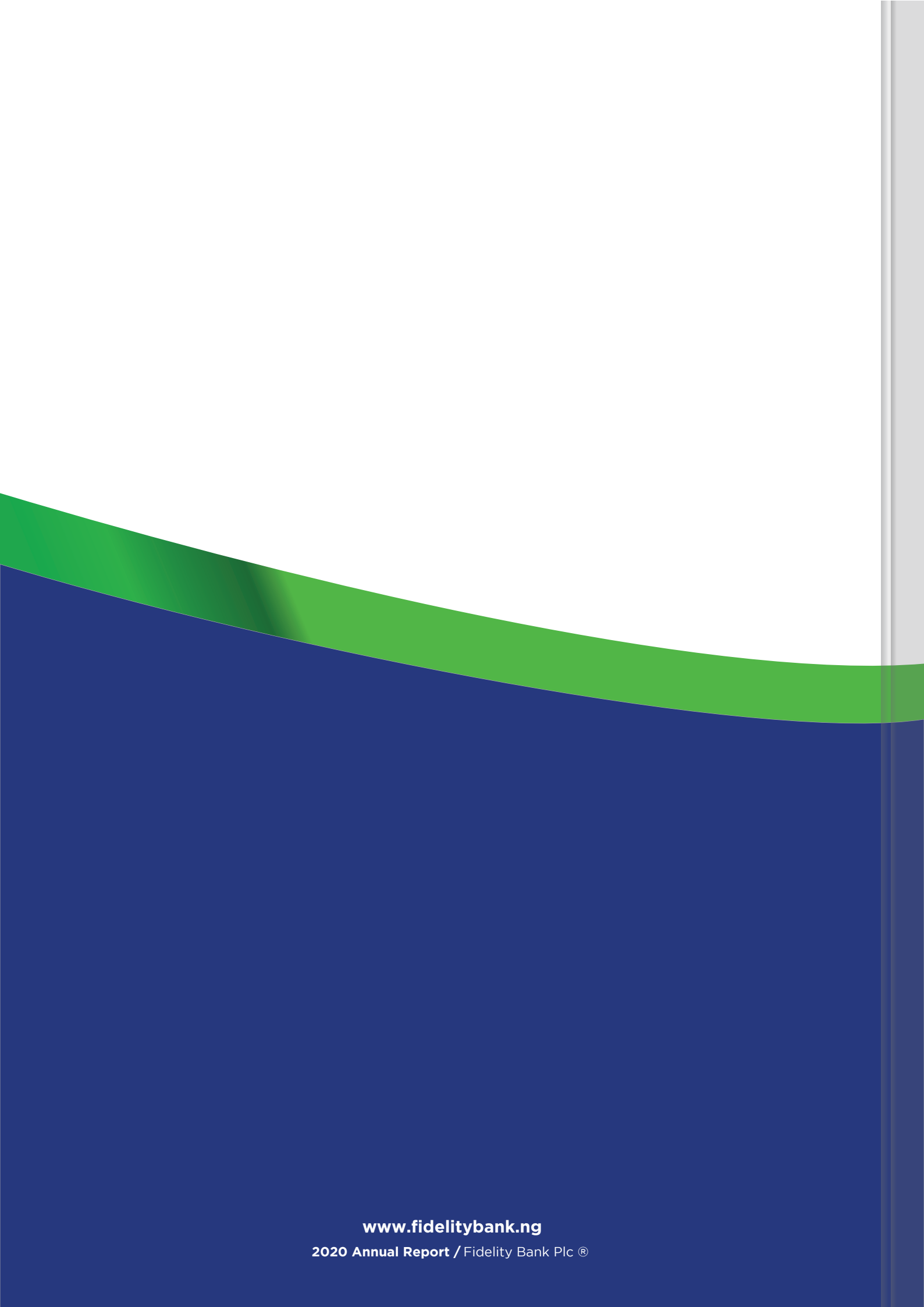
true.serve@fidelitybank.ng



Fidelity Bank Plc
RC 103022

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