FIDELITY BANK PLC

AUDITED HALF YEAR FINANCIAL STATEMENTS

JUNE 2017

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for the period ended 30 June 2017

FIDELITY BANK PLC
Directors' Report
For the period ended 30 June 2017

The Directors are pleased to submit their report on the affairs of Fidelity Bank Plc ("the Bank''), together with the financial statements and Independent auditors' report for the period ended 30 June 2017.

	Audited 30 June 2017 N'million	Unaudited 30 June 2016 N'million
1 RESULTS		
Profit before income tax	10,219	6,131
Income tax expense	(1,183)	(674)
Profit after income tax	9,036	5,457
Earnings per share		
Basic and diluted (in kobo)	31	19

PROPOSED DIVIDEND

No dividend is proposed by the Board of Directors in respect of the interim period ending 30 June 2017.

2 LEGAL FORM

The Bank was incorporated on 19 November 1987 as a private limited liability company and domiciled in Nigeria. It obtained a merchant banking license on 31 December 1987 and commenced banking operations on 3 June 1988. The Bank converted to a commercial bank on 16 July 1999 and registered as a public limited company on 10 August 1999. The Bank obtained its universal banking license on 6 February 2001. The Bank's shares have been listed on the floor of the Nigerian Stock Exchange since 17 May 2005.

3 PRINCIPAL BUSINESS ACTIVITIES

The principal activity of the Bank continues to be the provision of banking and other financial services to corporate and individual customers from its Headquarters in Lagos and 228 business offices. These services include retail banking, granting of loans and advances, equipment leasing, collection of deposit and money market activities

4 BENEFICIAL OWNERSHIP

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

FIDELITY BANK PLC
Directors' Report- continued
For the period ended 30 June 2017

5 SHARE CAPITAL

The range of shareholding as at 30 June 2017 is as follows:

Range		No. of Holders	Holders%	Holders Cum	Units	Units %
1 -	1,000	94,418	23.33%	94,418	79,916,511	0.28%
1,001 -	5,000	172,804	42.70%	267,222	476,347,565	1.64%
5,001 -	10,000	53,091	13.12%	320,313	436,235,089	1.51%
10,001 -	50,000	60,394	14.92%	380,707	1,446,284,942	4.99%
50,001 -	100,000	11,248	2.78%	391,955	888,133,689	3.07%
100,001 -	500,000	9,802	2.42%	401,757	2,140,325,701	7.39%
500,001 -	1,000,000	1,406	0.35%	403,163	1,039,734,714	3.59%
1,000,001 -	5,000,000	1,125	0.28%	404,288	2,410,399,701	8.32%
5,000,001 -	1,000,000	185	0.05%	404,473	1,387,093,064	4.79%
10,000,001 -	5,000,000	180	0.04%	404,653	3,378,420,302	11.66%
50,000,001 -	100,000,000	24	0.01%	404,677	1,723,721,520	5.95%
100,000,001 -	28,962,585,692	55	0.01%	404,732	13,555,972,894	46.81%
GRAND TOTAL		404,732	100%		28,962,585,692	100%

The share holding range above was the same as at 31 December 2016.

Substantial interest in shares

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

FIDELITY BANK PL
Directors' Report- continued

For the period ended 30 June 2017

6 DIRECTORS AND THEIR INTEREST

Directors' shareholding:

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

		30-Jun-2017				31-Dec- 2016
NAME OF DIRECTOR	**DIRECT**	**INDIRECT**	**TOTAL**	**DIRECT**	**INDIRECT**	**TOTAL**
Mr. Ernest Ebi, MFR, FCIB	7,431,702	NIL	7,431,702	1,185,000	NIL	1,185,000
Alhaji Bashari Gumel	NIL	NIL	NIL	NIL	NIL	NIL
Mr. Robert Nnana-Kalu	1,030,000	NIL	1,030,000	1,000,000	NIL	1,000,000
Mr. Alex Ojukwu	2,400,000	NIL	2,400,000	NIL	NIL	NIL
Mr. Michael Ezechukwu Okeke	2,311,500	NIL	2,311,500	NIL	NIL	NIL
Pastor Akuma King	27,700	NIL	27,700	27,700	NIL	27,700
Chief. Charles Umolu	20,870,000	NIL	20,870,000	NIL	NIL	NIL
Otunba Seni Adetu	NIL	NIL	NIL	NIL	NIL	NIL
Mr. Nnamdi Okonkwo	101,000,000	NIL	101,000,000	101,000,000	NIL	101,000,000
Mrs. Chijioke Ugochukwu	74,178,823	NIL	74,178,823	70,645,080		70,645,080
Mr. Mohammed Balarabe	69,081,467	NIL	69,081,467	67,079,246	NIL	67,079,246
Mrs. Aku Odinkemelu	44,958,500	NIL	44,958,500	44,958,500	NIL	44,958,500
Mr. Adeyeye Adepegba	13,786,000	NIL	13,786,000	12,806,000		12,806,000
Mrs. Nneka Chinwe Onyeali-Ikpe	52,456,000	NIL	52,456,000	52,456,000	NIL	52,456,000

Directors interest in Contracts:

The Directors' interests in related party transactions as disclosed in N**ote 34** to the financial statements and interests in contracts as disclosed below were disclosed to the Board of Directors in compliance with Section 277 of the Companies and Allied Matters Act of Nigeria:

Related Director	**Interest in entity**	**Name of entity**	**Services to the Bank**
Mr. Alex Ojukwu	Director	Damos Practice Limited	Debt recovery
Mrs. Nneka Onyeali-Ikpe	Executive Director	NIL	Lease of Car Park Space

Disclosure on Directors' Remuneration

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

Remuneration Structure:

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

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

FIDELITY BANK PLC

Directors' Report
For the period ended 30 June 2017- continued

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

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

Executive compensation is therefore tied to specific deliverables and includes fixed and variable pay components. Fixed pay includes basic salary, transport, housing and other allowances.
These are paid monthly, quarterly or annually as appropriate. Variable pay represents pay at risk and is dependent on achievement of pre-set targets.

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

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FIDELITY BANK PLC

Directors' Report

For the period ended 30 June 2017- continued

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

<table>
<tr><th>Remuneration element</th><th>Objective</th><th>Payment mode</th><th>Payment detail</th></tr>
<tr><td colspan="4">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.</td></tr>
<tr><td>Base Pay</td><td>• To attract and retain talent in a competitive market</td><td>• Monthly/Quarterly/Annually</td><td>*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</td></tr>
<tr><td colspan="4">Performance Incentives: This represents the pay-at-risk i.e. pay contingent on the achievement of agreed key performance indicators.</td></tr>
<tr><td rowspan="2">Performance Incentive</td><td>• To motivate and reward the delivery of annual goals at the Bank and individual levels</td><td rowspan="2">• Annually</td><td rowspan="2">• Performance incentives are awarded based on the performance of the Bank and individual directors
• Executive Directors' annual performance incentives are evaluated against the performance metrics defined in his/her approved individual balanced scorecard/KPIs</td></tr>
<tr><td>• Rewards contribution to the long-term performance of the Bank</td></tr>
<tr><td colspan="4">Benefits and Perquisites: These are the non-monetary compensation provided to the Executive Director, such as official car, club and professional membership subscription.</td></tr>
<tr><td>Benefits &Perquisites</td><td>• Reflect market value of individuals and their role within the Bank</td><td>• Actual items are provided or the cash equivalent for one year is given.</td><td>• Review periodically in line with contract of employment</td></tr>
<tr><td colspan="4">Retirement Benefits: These are compensation paid to employees upon retirement such as pension and gratuity.</td></tr>
<tr><td>Retirement Benefits</td><td>• This is effected in the event of retirement</td><td>• As required</td><td>Reviewed periodically as required.</td></tr>
</table>

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

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

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

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

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

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

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

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

FIDELITY BANK PLC
Directors' Report
For the period ended 30 June 2017- continued

7 EVENTS AFTER REPORTING PERIOD

There are no significant events after reporting period which could have had a material effect on the financial position of the Bank as at 30 June 2017 and on the profit and other comprehensive income for the period then ended, which have not been adequately provided for or disclosed.

8 PROPERTY, PLANT AND EQUIPMENT

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

9 DONATIONS AND CHARITABLE CONTRIBUTIONS

Donations and gifts to charitable organizations during the period amounted to N53,408,750 (June 2016: N20,476,234). There were no donations to political organizations during the period. The beneficiaries are:

Description	USD	NGN
Special Education Secondary School, Calabar		384,000
Special Correctional Centre For Boys, Oregun, Lagos		200,000
The Lagos State Motherless And Abandoned Babies Home Established By The Red Cross Society, Lagos		433,000
The Nigerian Prisons Service, Lagos.		120,000
The Redeemed Christian Church Of God (The King'S Court)		500,000
United Nations Global Compact *	$2,500	764,750
Centre For Social Awareness, Advocacy And Ethics Inc.		500,000
The Nigerian Netherland Chamber Of Commerce		2,500,000
International Women'S Society		250,000
The Gazelle Vocational Academy		20,000,000
Ncf, 2017 Annual Membership Payment		250,000
Sebbecly Cancer Care		500,000
Explicit Home Of Favour Initiative		500,000
Nigerian Stock Exchange, Coporate Challenge		3,000,000
Pleasant Places Education Centre		500,000
Meadow Hall Charity Foundation		1,000,000
St. Ferdinand Catholic Church		840,000
Ola Ndi Igbo		300,000
Association For Good Clinical Practice In Nigeria (Agcpn) 5Th Clinical Trial Summit		500,000
Affrica'S Young Enterpreneurs Empowerment Nigeri (Ayeen)		20,000,000
Ncf, Walk For Nature		800,000
		53,408,750

* The amount of $2,500 was donated to Union Nations Global Compact, the amount has been converted to naira for reporting purposes.

FIDELITY BANK PLC

Directors' Report

For the period ended 30 June 2017- continued

10 EMPLOYMENT & EMPLOYEES

Gender Analysis as at 30 June 2017.

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.

GENDER ANALYSIS OF TOTAL STAFF AS AT 30 JUNE 2017

GENDER	NUUMBER	PERCENTAGE OF TOTAL STAFF
FEMALE	1,443	43%
MALE	1,915	57%
TOTAL	**3,358**	**100%**

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

GENDER ANALYSIS OF EXECUTIVE MANAGEMENT AS AT 30 JUNE 2017		
GENDER	**NUMBER**	**PERCENTAGE**
FEMALE	3	50%
MALE	3	50%
TOTAL	6	**100%**

GENDER ANALYSIS OF TOP MANAGEMENT (AGM-GM) AS AT 30 JUNE 2017			
GRADE	**FEMALE**	**MALE**	**TOTAL**
General Manager	0	9	9
Deputy General Manager	1	9	10
Assistant General Manager	7	15	22
TOTAL	**8**	**33**	**41**
Percentage	**20%**	**80%**	**100%**

GENDER ANALYSIS OF THE BOARD OF DIRECTORS AS AT 30 JUNE 2017			
GRADE	**FEMALE**	**MALE**	**TOTAL**
Executive Director	3	1	4
Deputy Managing Director	0	1	1
Managing Director	0	1	1
Non Executive Director	0	8	8
TOTAL	**3**	**11**	**14**
Percentage	**21%**	**79%**	**100%**

Employment of disabled persons
Fidelity Bank's policy ensures that there is no discrimination in considering applications for employment including those from physically challenged persons. The policy also ensures that disadvantaged persons are afforded, as far as is practicable, identical opportunities with other employees. Although no physically challenged person was employed during the period, the Bank currently has in her employment four physically challenged persons and ensures that the work environment is accessible and conducive for them.

Health, Safety and Welfare of Employees
The health, safety and wellbeing of all employees both in and outside the workplace places is top of the priorities 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 over 500 hospitals across the country. The scheme covers each staff, his/her spouse and four biological children.

The Bank also has an International Health Insurance Scheme which provides staff with a personal health insurance plan and emergency medical evacuation support.

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

Beyond direct clinical healthcare support, staff members also benefit from deliberate and structured preventive health awareness programmes across the Bank. In this regard, the Bank carries out well articulated awareness sessions on topical health issues including preventing the spread of malaria, diabetes, hypertension and kidney disease as well as tips for preventing ill-health during inclement weather conditions like harmattan and rainy season.
The Bank has a defined process for preventing the spread of communicable diseases including HIV/AIDS through health campaigns that encourage improvement in personal hygiene and ensures that no person living with HIV/AIDS is discriminated against.

The foregoing was particularly emphasized during the review period when the Bank held some awareness sessions on the lassa fever epidemic and educated its employees, customers, vendors and other stakeholders extensively in order to check the spread of the disease.

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

All staff of Fidelity Bank are insured under the Group Life Insurance Scheme. The scheme caters for staff members that die while in the service of the Bank. Entitlements are processed, received and given to the deceased staff next of kin as stated in the personnel's records.

Fidelity Bank is also actively involved in the Nigerian Bankers Games (NBG). This is the biggest and most glamorous sporting event in Corporate Nigeria and the Bank positively dazzled as it topped the medals table in the 2015 edition of the tournament, winning a total of Twenty Two (22) medals (11 - Gold; 3 – Silver; and 8 – Bronze) including winning the football trophy in 2016 back to back, having won it in 2015. Winning the 2016 football trophy at the Bankers Games also qualified the Bank to participate in the Remitta Champions Cup in which only the champions in the various corporate games (Insurance, Telecom, Bankers' Games) participate. This will hopefully take place later in 2017 and Team Fidelity hopes to clinch this trophy, to cap the Bank's scintillating achievements in corporate sports in the country.

Employee involvement and training

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

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

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 Bank 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 centres in Lagos, Ibadan, Benin, Port-Harcourt, Owerri, Awka, Enugu, Abuja and Kano with robust plans to build a similar centre in the North East location of Bauchi.

Signed:
Ezinwa Unuigboje
Company Secretary
FRC/2015/NBA/00000006957
2 Fidelity Close
Off Kofo Abayomi Street
Victoria Island
Lagos
Date: 23 August 2017

FIDELITY BANK PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE PREPARATION OF FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2017

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

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

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

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

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

The Directors accept responsibility for the interim financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, Banks and Other Financial Institutions Act, CAP B3 Laws of the Federation of Nigeria 2004, 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:

Director

Director

23 August 2017

Building a better working world

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INDEPENDENT AUDITORS' REPORT

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS TO THE MEMBERS OF FIDELITY BANK PLC

Opinion

We have audited the financial statements of Fidelity Bank PLC (" the Bank") which comprise the statement of financial position as at 30 June 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 30 June 2017, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards and the relevant provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Banks and Other Financial Institutions Act, CAP B3, Laws of the Federation of Nigeria 2004, the Financial Reporting Council Act No. 6, 2011 and CBN Circulars.

Basis for Opinion

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

INDEPENDENT AUDITORS' REPORT
TO MEMEBERS OF FIDELITY BANK PLC - Continued

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, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to this matter. 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 matter below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How the matter was addressed in the audit
Loans and advances - Impairment The appropriateness of allowance for loan impairment is a key area of judgement for management. The identification of impairment and the determination of the recoverable amount are an inherently uncertain process involving various assumptions and factors including the financial condition of the counterparty and expected future cash flows. The use of different techniques and assumptions could produce significantly different estimates of loan loss impairment. Associated risk management disclosure is complex and dependent on high quality data. There is significant measurement uncertainty involved in this assessment, which makes it a key audit matter. The Bank's accounting policy on impairment, related disclosures on credit risk and allowance for loan impairment are shown in Notes 2.11, 3.2 and 21 to the finnacial statement's respectively.	For allowance for impairment calculated on an individual basis we tested the assumptions underlying the impairment identification and quantification including forecasts of future cash flows, valuation of underlying collateral and estimates of recovery on default. For loan allowance for impairment calculated on a collective basis, we tested the underlying techniques and assumptions including the approval and validation process of these techniques and assumptions. We also tested the appropriateness and accuracy of the inputs to the model adopted, such as recovery rates, probabiliy of default (PDs) and loss given default (LGDs).

Other Matters

The comparative figures of some of these financial statements, which comprise the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended 30 June 2016 and there accompanying notes are unaudited.

INDEPENDENT AUDITORS' REPORT
TO MEMEBERS OF FIDELITY BANK PLC - Continued

Other Information

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

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

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 scepticism throughout the audit. We also:

INDEPENDENT AUDITORS' REPORT
TO MEMEBERS OF FIDELITY BANK PLC - Continued

- 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 group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT
TO MEMEBERS OF FIDELITY BANK PLC - Continued

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current 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 accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, we confirm that:

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

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

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

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

i) Related party transactions and balances are disclosed in Note 34 of the financial statements in compliance with Central Bank of Nigeria circular BSD/1/2004.

ii) ATM customer complaints are disclosed in Note 37.2 to the financial statements in compliance with Central Bank of Nigeria circular PDR/DIR/CIR/01/20.

iii) As stated in Note 37.1 to the finanical statements, the Bank was charged penalties for contravention of certain sections of the Banks and Other Financial Institutions Act CAP B3, Laws of the Federation of Nigeria 2004 and CBN Circulars, and related penalties have been paid.

Signed:
Kayode A. Famutimi, FCA,
FRC/2012/ICAN/00000000155
For: Ernst & Young
Chartered Accountants
Lagos, Nigeria

Signed:
Najeeb A. Abdussalaam, FCA
FRC/2013/ICAN/00000000753
For: PKF Professional Services
Chartered Accountants
Lagos, Nigeria

Date: 24 August 2017 Date: 24 August 2017

FIDELITY BANK PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

	Note	Audited 30 June 2017 N'million	Unaudited 30 June 2016 N'million
Gross Earnings		**85,821**	**70,259**
Interest and similar income	6	72,853	57,006
Interest and similar expense	7	(38,153)	(25,775)
Net interest income		**34,700**	**31,231**
Impairment charge	8	(4,810)	(4,797)
Net interest income after impairment charge		**29,890**	**26,434**
Fee and commission income	9	9,411	12,034
Fee and commission expense	9	(1,988)	(1,322)
Other operating income	10	3,557	1,219
Net gains/(losses) from financial instruments classified as held for trading	11	250	(776)
Personnel expenses	12	(11,074)	(12,030)
Depreciation and amortisation	13	-1,855	(2,107)
Other operating expenses	14	(17,972)	(17,321)
Profit before income tax		**10,219**	**6,131**
Income tax expense	15	(1,183)	(674)
PROFIT FOR THE PERIOD		**9,036**	**5,457**
Other comprehensive income:			
Items that will be reclassified subsequently to profit or loss			
Net gains/(losses) on available-for-sale financial assets*:			
-Unrealised net gains/ (losses) arising during the period		1,995	(2,103)
-Net reclassification adjustments for realised net (gains)/ losses	16	(19)	401
Net other comprehensive income/ (losses) to be reclassified to profit or loss in subsequent period		**1,976**	**(1,702)**
Other comprehensive income/(losses) for the period, net of tax		**1,976**	**(1,702)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**11,012**	**3,755**

* Income from these instruments is exempted from tax

Earnings per share			
Basic and diluted (in kobo)	17	**31**	**19**

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

FIDELITY BANK PLC

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	30 June 2017 N'million	31 December 2016 N'million
ASSETS			
Cash and balances with central bank	18	228,238	207,061
Due from banks	20	48,278	49,200
Loans and advances to customers	21	720,163	718,401
Investments:			
Held for trading (fair value through profit or loss)	22.1	14,330	18,098
Available for sale	22.2	87,221	88,586
Held to maturity	22.3	125,630	138,134
Other assets	26	44,271	37,510
Property, plant and equipment	23	39,732	40,356
Intangible assets	24	839	795
Deferred tax assets	25	-	-
TOTAL ASSETS		**1,308,702**	**1,298,141**
LIABILITIES			
Deposits from customers	27	761,069	792,971
Current income tax liability	15	1,514	1,327
Other liabilities	28	198,573	159,406
Debts issued and other borrowed funds	29	155,207	159,035
TOTAL LIABILITIES		**1,116,363**	**1,112,739**
EQUITY			
Share capital	30	14,481	14,481
Share premium	31	101,272	101,272
Retained earnings	31	32,203	25,918
Other equity reserves:			
Statutory reserve	31	25,831	24,476
Small scale investment reserve (SSI)	31	764	764
Non-distributable regulatory reserve (NDR)	31	13,611	16,271
Available-for-sale (AFS) reserve	31	4,177	2,220
Remeasurement reserve	31	-	-
TOTAL EQUITY		**192,339**	**185,402**
TOTAL LIABILITIES AND EQUITY		**1,308,702**	**1,298,141**

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 23 August 2017 and signed on its behalf by:

Ernest Ebi
Chairman
FRC/2017/CIBN/00000016317

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

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

FIDELITY BANK PLC

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2017

	Attributable to equity holders								
	Share capital	**Share premium**	**Retained earnings**	**Statutory reserve**	**Small scale investment reserve**	**Non-distributable regulatory reserve**	**Available-for-sale reserve**	**Remeasurment reserve**	**Total equity**
	N'million	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Balance at 1 January 2016	**14,481**	**101,272**	**8,797**	**23,016**	**764**	**33,480**	**5,434**	**-3,728**	**173,111**
Profit for the period	-	-	5,457	-	-	-	-	-	5,457
Other comprehensive income									
Unrealised net losses arising during the period	-	-	-	-	-	-	(2,103)	-	(2,103)
Net reclassification adjustment for realised net gai	-	-	-	-	-	-	401	-	401
Total comprehensive income/ (loss)	**-**	**-**	**5,457**	**-**	**-**	**-**	**(1,702)**	**-**	**3,755**
Dividends paid	-	-	(4,634)	-	-	-	-	-	(4,634)
Transfers between reserves (Note 31)	-	-	23,950	-	-	(23,950)	-	-	-
At 30 June 2016	**14,481**	**101,272**	**33,570**	**23,016**	**764**	**9,530**	**3,732**	**(3,728)**	**182,637**
At 1 January 2017	**14,481**	**101,272**	**25,918**	**24,476**	**764**	**16,271**	**2,220**	**-**	**185,402**
Profit for the period	-	-	9,036	-	-	-	-	-	9,036
Other comprehensive income									
Unrealised net losses arising during the period	-	-	-	-	-	-	1,976	-	1,976
Net reclassification adjustment for realised net (ga	-	-	-	-	-	-	(19)	-	(19)
Total comprehensive income	**14,481**	**101,272**	**34,954**	**24,476**	**764**	**16,271**	**4,177**	**-**	**196,395**
Dividends paid	-	-	(4,055)	-	-	-	-	-	(4,055)
Transfers between reserves (Note 31)	-	-	1,305	1,355	-	(2,660)	-	-	-
At 30 June 2017	**14,481**	**101,272**	**32,203**	**25,831**	**764**	**13,611**	**4,177**	**-**	**192,340**

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

FIDELITY BANK PLC

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2017

	Note	Audited 30 June 2017 N'million	Unaudited 30 June 2016 N'million
Operating Activities			
Cash flows used in operations	**32**	-39,989	-47,453
Interest received		99,318	51,393
Interest paid		(44,039)	(26,082)
Retirement benefits paid		-	-1,376
Payable to staff in respect of Staff gratuity	**28.4**	(4,118)	-
Income tax paid		(996)	(1,382)
Net cash flow used in operating activities		**10,176**	**(24,900)**
Investing activities			
Purchase of property, plant and equipment		(1,874)	(4,066)
Proceeds from sale of property and equipment		857	67
Purchase of intangible assets		-255	(4)
Redemption of HTM financial assets at maturity		470	17,679
Proceeds from sale of AFS financial assets		3,341	11,005
Dividends received		373	32
Net cash flows provided by investing activities		**2,912**	**24,715**
Financing activities			
Dividends paid		(4,055)	(4,634)
Proceeds of debts issued and other borrowed funds		-	36,129
Repayment of debts issued and other borrowed funds		(3,815)	(2,502)
Net cash flows from financing activities		**(7,870)**	**28,993**
Net increase in cash and cash equivalents		**5,218**	**28,808**
Net foreign exchange difference on cash and cash equivalents		1,050	119
Cash and cash equivalents at 1 January	**19**	**86,015**	**114,135**
Cash and cash equivalents at 30 June	**19**	**92,283**	**143,062**

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

FIDELITY BANK PLC

NOTES TO THE FINANCIAL STATEMENTS

1. General information

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

The registered office address of the Bank is at Fidelity Place, 1 Fidelity Bank Close Off Kofo Abayomi Street, Victoria-Island, Lagos, Nigeria.

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

The financial statements for the period ended 30 June 2017 were approved for issue by the Board of Directors on 23 August 2017.

2. Summary of significant accounting policies

2.1 Introduction to summary of significant accounting policies

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

2.1.1 Basis of preparation

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

Additional information required by national regulations is included where appropriate.

The financial statements comprise the statement of financial position as at 30 June 2017 and 31 December 2016, the statement of profit or loss and other comprehensive income for the year ending 30 June 2017(Audited) and 30 June 2016 (Unaudited), the statement of changes in equity as at 30 June 2017 and 31 December 2016, the statement of cashflows for the year ending June 2017(Audited) and 30 June 2016 (Unaudited), and the notes to the financial statements

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

The financial statements are presented in Naira, which is the Bank's presentation and functional currency. The figures shown in the financial statements are stated in Naira and they are rounded up to the nearest million.

2.1.2 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Bank's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the accompanying disclosure, as well as the disclosure of contingent liability about these assumption and estimates 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 uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are described below. The Bank based its 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.

Impairment of loans and advances

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

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

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

Fair value of financial instruments

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of techniques as described in accounting policy Note 2.5 For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

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

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

Determination of collateral value

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

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

2.2 A **STANDARDS ISSUED BUT NOT YET EFFECTIVE**

The 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 standards, if applicable, when they become effective.

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

- *IFRS 15 - Revenue from Contracts with Customers*

IFRS 15 Revenue from Contracts with Customers replaces IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations. IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers. It applies to all entities that enter into contracts to provide goods or services to their customers, unless the contracts are in the scope of other IFRSs, such as IAS 17 Leases. The standard also provides a model for the measurement and recognition of gains and losses on the sale of certain non-financial assets, such as property or equipment. Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates. This will be effective from 1 January 2018. The Bank is currently assessing the impact of IFRS 15.

- *IFRS 16 - Leases*

IFRS 16 – Leases was issued in January 2016 and will replace IAS 17 – Leases. The new standard is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. The accounting treatment of leases by lessees will change fundamentally based on the new standard. IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Lessor accounting remains similar to current practice – i.e. lessors continue to classify leases as finance and operating leases. The new standard permits a lessee to choose either a full retrospective or a modified retrospective transition approach.

The Bank plans to adopt IFRS 16 on the required effective date, as this Bank has leases which qualifies to be treated in line with this standard. The Bank is currently assessing the impact of this standard.

- *IFRS 17 Insurance Contracts*

The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers.
IFRS 17 is effective for reporting periods starting on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

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 profitability 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 the policyholder will always receive, 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 will have no impact on the Bank, as it does not have Insurance contract.

• *IFRS 9 - Financial instruments*

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015.

Impact

The adoption of IFRS 9 will have an effect on the classification and measurement of the Bank’s financial assets, but no impact on the classification and measurement of the Bank's financial liabilities. The application of IFRS 9 may change the measurement and presentation of many financial instruments, depending on their contractual cash flows and business model under which they are held.The impairment requirements will generally result in earlier recognition of credit losses. The new hedging model may lead to more economic hedging strategies meeting the requirements for hedge accounting. IFRS 9 - Financial instruments

It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Bank is has undertaken a detailed assessment of the impact of the application of IFRS 9 on its financial statements, the gap assessments indicate that there are no major gaps in the current measurement of financial assets as they are largely in line with IFRS 9. There will also be no impact on the Bank’s accounting for financial liabilities, as the new

requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Bank does not have any such liabilities. The new hedging rules are also not expected to impact the Bank

The impairment model under IFRS 9 is an expected credit loss model which is likely to result in the earlier recognition of credit losses.

The Bank is at an advanced stage of the application phase. This phase involves obtaining information from external systems and databases for macro-economic variables, historical data and adjusting the IT systems to capture the additional data requirements and determination of what constitutes expected and unexpected losses using the variables inputted.

The Bank is currently having a parallel run of the IFRS 9 and IAS 39 standards for the purposes of creating an opening balance as at January 1 2018 on the IFRS 9 standard.

• *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4*

Effective for annual periods beginning on or after 1 January 2018.

Key requirements

The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before

implementing IFRS 17 Insurance Contracts, which replaces IFRS 4. The amendments introduce two options for entities

issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach.

Temporary exemption from IFRS 9

The optional temporary exemption from IFRS 9 is available to entities whose activities are predominantly connected with

insurance. The temporary exemption permits such entities to continue to apply IAS 39 Financial Instruments: Recognition

and Measurement while they defer the application of IFRS 9 until 1 January 2021 at the latest.

The overlay approach

The overlay approach is an option for entities that adopt IFRS 9 and issue insurance contracts, to adjust profit or loss for eligible financial assets; effectively resulting in IAS 39 accounting for those designated financial assets. The adjustment eliminates accounting volatility that may arise from applying IFRS 9 without the new insurance contracts standard. Under this approach, an entity is permitted to reclassify amounts between profit or loss and other comprehensive income for designated financial assets. An entity must present a separate line item for the amount of the overlay adjustment in profit or loss, as well as a separate line item for the corresponding adjustment in other comprehensive income.

Transition

The temporary exemption is first applied for reporting periods beginning on or after 1 January 2018.
An entity may elect the overlay approach when it first applies IFRS 9 and apply that approach retrospectively to financial
assets designated on transition to IFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying IFRS 9

Impact

The overlay approach requires an entity to remove from profit or loss additional volatility that may arise if IFRS 9 is applied with IFRS 4. This standard does not have an impact on the Bank.

• IFRS 2 Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2 .

Effective for annual periods beginning on or after 1 January 2018.

Key requirements

The IASB issued amendments to IFRS 2 Share-based Payment in relation to the classification and measurement of share-based payment transactions.
The amendments address three main areas:

• The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments.

• The classification of a share-based payment transaction with net settlement features for withholding tax obligations. This amendment adds an exception to address the narrow situation where the net settlement arrangement is designed to meet an entity's obligation under tax laws or regulations to withhold a certain amount in order to meet the employee's tax obligation associated with the Sharebased payment. This amount is then transferred, normally in cash, to the tax authorities on the employee’s behalf. To fulfil this obligation, the terms of the share-based payment arrangement may permit or require the entity to withhold the number of equity instruments that are equal to the monetary value of the employee’s tax obligation from the total number of equity instruments that otherwise would have been issued to the employee upon exercise (or vesting) of the share-based payment (‘net share settlement feature’). Where transactions meet the criteria, they are not divided into two components but are classified in their entirety as equity-settled share-based payment transactions, if they would have been so classified in the absence of the net share settlement feature.

• The accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equitysettled. The amendment clarifies that, if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. Any difference (whether a debit or a credit) between the carrying amount of the liability derecognised and the amount recognised in equity on the modification date is recognised immediately in profit or loss.

Transition
On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. Early application is permitted.

Impact
The amendments are intended to eliminate diversity in practice, but are narrow in scope and address specific areas of classification and measurement. The Bank has assessed the impact, and this is not applicable to the Bank as it has no sharepayment arrangement.

• *Transfers of Investment Property (Amendments to IAS 40)*
Effective for annual periods beginning on or after1 January 2018.

Key requirements
The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management’s intentions for the use of a property does not provide evidence of a change in use.

Transition
Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with IAS 8 is only permitted if that is possible without the use of hindsight. Early application of the amendments is permitted and must be disclosed.

Impact
The amendments will eliminate diversity in practice. This standard is not applicable to the Bank as it has not invested in Investment property.

• *IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration*

Effective for annual periods beginning on or after 1 January 2018

Key requirements

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

Transition

Entities may apply the amendments on a fully retrospective basis. Alternatively, an entity may apply the interpretation

prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

(i) The beginning of the reporting period in which the entity first applies the interpretation

Or

(ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

Early application of interpretation is permitted and must be disclosed.

First-time adopters of IFRS are also permitted to apply the interpretation prospectively to all assets, expenses and income initially recognised on or after the date of transition to IFRS.

Impact

The amendments are intended to eliminate diversity in practice, when recognising the related asset, expense or income (or part of it) on the derecognition of a nonmonetary asset or non-monetary liability relating to advance consideration received or paid in foreign currency. Management is assessing what the likely impact will be on the Bank

• *IFRIC Interpretation 23 Uncertainty over Income Tax Treatments*

Effective for annual periods beginning on or after 1 January 2019

Scope

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically

include requirements relating to interest and penalties associated with uncertain tax treatments.

Key Requirement

The Interpretation specifically addresses the following:

• Whether an entity considers uncertain tax treatments separately

• The assumptions an entity makes about the examination of tax treatments by taxation authorities

• How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates

• How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other

Transition

The Interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available.

Impact

Applying the Interpretation could be challenging for entities,particularly those that operate in more complex multinational tax environments. Entities may also need to evaluate whether they have established appropriate processes and procedures to obtain information on a timely basis that is necessary to apply the requirements in the Interpretation and make the required disclosures. The Management is currently evaluating the impact of this standard on the Bank

Annual improvement 2014-2016 cycle (issued in December 2016)

- IFRS 1 First-time Adoption of International Financial Reporting

Short-term exemptions in paragraphs E3–E7 of IFRS 1 were deleted because they have now served their intended purpose. The amendment is effective from 1 January 2018.

Impact

This ammendment does not have impact on the Bank, as the Bank is nit a first time adopter of IFRS 9.

- IAS 28 Investments in Associates and Joint Ventures

The amendments clarifies that:

- An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.

- If an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate’s or joint venture’s interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

• The amendments should be applied retrospectively and are effective from 1 January 2018, with earlier application permitted. If an entity applies those amendments for an earlier period, it must disclose that fact.

Impact

This ammendment does not have an impact on the Bank, because the Bank has no investment in an Associate or a Joint Venture.

2.2 B New standards, interpretations and amendments issued and effective.

The accounting policies adopted in the preparation of the 2016 financial statements are consistent with those followed in the preparation of the Bank's 30 June 2017 financial statements. The new standards and improvement did not have any impact on the financial statements of the Bank.

The following new standards and amendments became effective as of 1 January 2016:

- IAS 7 Disclosure Initiative – Amendments to IAS 7
- Amendments to IAS 12- Recognition of Deferred Tax Assets for Unrealised Losses
- IFRS 12 Disclosure of Interests in Other Entities requirements in IFRS 12

2.3 Foreign currency translation

(a) Functional and presentation currency

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

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

(b) Transactions and balances

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

Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated using the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

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

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

2.4 Financial assets and liabilities

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

A) Initial recognition and measurement

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

B) Subsequent measurement

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

C) Classification and related measurement

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

i) Financial assets

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

a) Financial assets at fair value through profit or loss

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

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

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

b) Loans and receivables

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

• those that the Bank intends to sell immediately or in the short term, which are classified as held for trading, and those that the entity upon initial recognition designates as fair value through profit or loss;

• those that the Bank upon initial recognition designates as available-for-sale; or
• those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

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

c) Held-to-maturity financial assets

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

• those that the Bank upon initial recognition designates as fair value through profit or loss;
• those that the Bank upon initial recognition designates as available-for-sale; or
• those that meet the definition of loans and receivables.

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

d) Available-for-sale financial assets

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

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

ii) Financial liabilities

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

a) Financial liabilities at amortised cost

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

D) Reclassification of financial assets

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

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

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

E) Derecognition

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

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

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

2.5 **Determination of fair value**

The Bank measures financial instruments such as investments in bonds, treasury bills and unquoted equities at fair value at each reporting date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed in this note. Aside from this note, additional fair value related disclosures, including the valuation methods, significant estimates and assumptions are also provided in:
i) Diclosure for valuation method, significant estimates and assumptions are in Note 2.1.2
ii)Fair value of financial instruments (including those carried at amortised cost) are in note 3.5 (a)
iii)Quantitative disclosures of fair value measurement hierachy are in note 3.5(b)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability
Or
- In the absence of a principal market, in the most advantageous market for the asset or liability
The principal or the most advantageous market must be accessible by the Bank.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.
A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of

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

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

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

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

2.6 Offsetting financial instruments

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

2.7 Renegotiated loans

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

2.8 Repurchase and reverse repurchase agreements

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

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

2.9 Collateral repossessed

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

2.10 Revenue recognition

Interest income and expense

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

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

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

Fees and commission income

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

Income from bonds or guarantees and letters of credit

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

Dividend income

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

2.11 Impairment of financial assets

(i) Assets carried at amortised cost

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

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

· Delinquency in contractual payments of principal or interest;
· Cash flow difficulties experienced by the borrower (for example, equity ratio, net income percentage of sales);
· Breach of loan covenants or conditions;
· Initiation of bankruptcy proceedings;
· Deterioration of the borrower's competitive position;
· Deterioration in the value of collateral;

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

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

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

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

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

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

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

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

(ii) Available-for-sale financial assets

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

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

2.12 Impairment of non-financial assets

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

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

2.13 Statement of cash flows

The Statement of cash flows shows the changes in cash and cash equivalents arising during the 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 and dividends received and interest paid are classified as operating cash flows, while dividends paid are included in financing activities.

2.14 Cash and cash equivalents

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

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

2.15 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Leases are divided into finance leases and operating leases.

(a) The Bank is the lessee

(i) Operating lease

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

(ii) Finance lease

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

(b) The Bank is the lessor

(i) Operating lease

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

Lease incentives are recognised as a reduction of rental income on a straight-line basis over the lease term.

2.16 Property, plant and equipment

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

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

Land 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:
- Buildings: 50 years
- Leasehold improvements: The lower of useful life and lease period
- Office equipment: 5 years
- Furniture, fittings & equipment: 4 years
- Computer equipment: 3 years
- Motor vehicles: 4 years

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

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

2.17 Intangible assets

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

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; 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 development costs recognised as intangible assets are amortised on the straight-line basis over 3 years and are carried at cost less any accumulated amortisation and any accumulated impairment losses.

2.18 Income taxation

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

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

(b) Deferred tax

Deferred 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 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 tax asset is realised or the deferred tax liability is settled.

Deferred 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 tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:
- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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 tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxables entities where there is an intention to settle the balance on a net basis.

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

2.19 Employee benefits

Defined contribution scheme

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

2.20 Provisions

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

2.21 Financial guarantee contracts

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

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

2.22 Share capital

(a) Share issue costs

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

(b) Dividends on ordinary shares

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

Dividends for the year that are declared after the date of the Statement of financial position are dealt with in the subsequent events note.

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

2.23 Comparatives

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

2.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Bank has determined the Executive Committee as its chief operating decision maker.

All transactions between business segments are conducted on an arm's length basis, with intra-segment revenue and costs being eliminated in head office. Income and expenses directly associated with each segment are included in determining business segment performance.

The Bank has four reportable segments, as follows:

Retail banking

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

Corporate banking

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

Investment banking

The Banks investment Banking segment is involved in the funding and management of the banks securities, trading and investment decisions on asset management with a view of maximising the banks shareholders returns.

Public sector

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

Refer to Note 5 for the segment report.

3. Financial risk management and fair value measurement and disclosure

3.1 Introduction and overview

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

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

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

ii) Clearly defined governance structure.

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

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

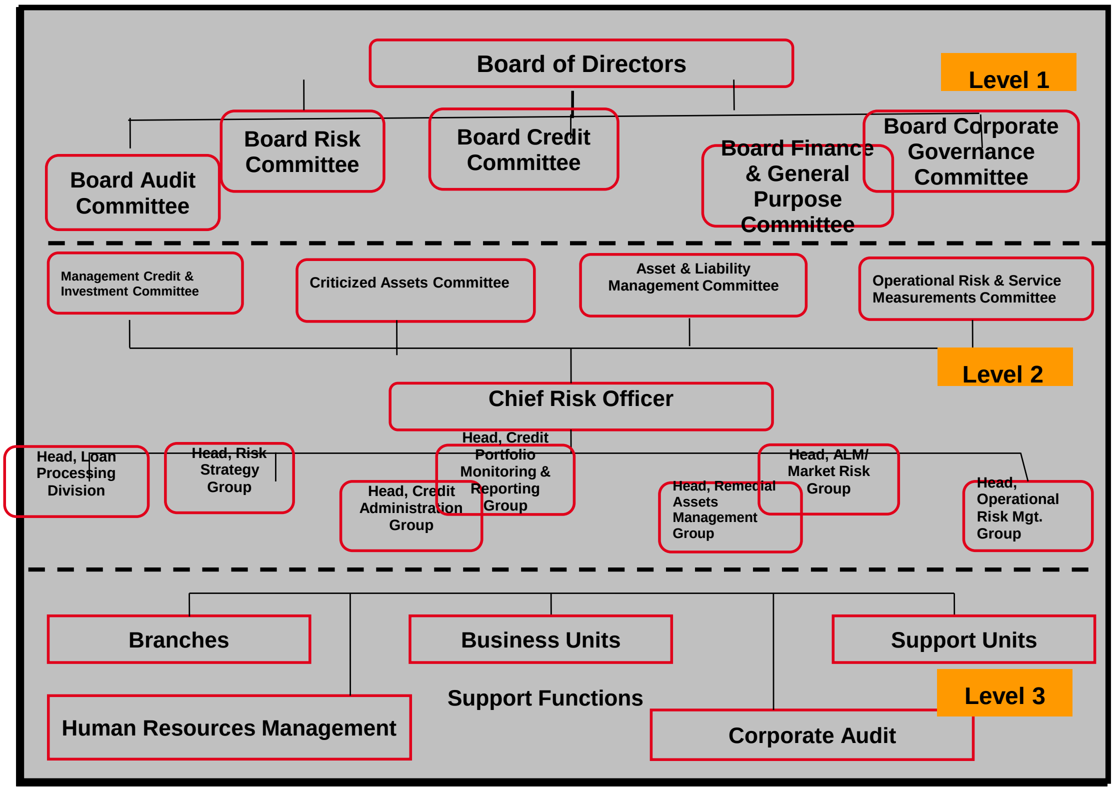
Risk Management Governance Structure
Enterprise-wide risk management roles and responsibilities are assigned to stakeholders in the Bank at three levels as follows:

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

Level 2 - Senior Management function is performed by the Management Credit and Investment Committee (MCIC), Credit Review Committee (CRC), Loan Recovery Committee (LRC), Asset and Liability Management Committee (ALCO), Operational Risk & Service Measurements Committee (ORSMC), Management Performance Reporting Committee (MPR), The Chief Risk Officer (CRO) and Heads of Enterprise Risk Strategy, Loan Processing, Credit Administration, Remedial Assets Management, Market Risk Management & ALM and 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 Finance & General Purpose Committee by providing independent appraisal of the Bank’s risk framework for internal risk assurance. The Division assesses compliance with established controls and enterprise-wide risk management methodologies. Significant risk related infractions and recommendations for improvement in processes are escalated to relevant Management and Board committees.



Enterprise Risk Philosophy

Fidelity Enterprise Risk Mission

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

Risk Culture

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

Risk Appetite

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

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

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

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

3.2 Credit risk

3.2.1 Management of credit risk

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

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

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

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

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

3.2.2 Credit risk ratings

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

The Bank has its own in-house assessment methodologies and rating scale for evaluating the creditworthiness of it's counter-parties. The Bank's programmed 9-grade rating model was developed in collaboration with Agusto & Company, a foremost rating agency in Nigeria, to enable comparism between the Bank's internal ratings and the common market practice, which ensures comparability between different portfolios of the Bank. We generally rate all the Bank's credit exposures individually. The rating scale and its mapping to the Standard and Poors agency rating scale is as follows:

Internal Rating Categories	Interpretation	Mapping to External Rating (S&P)
AAA	Impeccable financial condition and overwhelming capacity to meet obligations in a timely manner	AAA
AA	Very good financial condition and very low likelihood of default	AA
A	Good financial condition and low likelihood of default	A
BBB to BB	Satisfactory financial condition and adequate capacity to meet obligations	BBB to BB
B to CCC	Weak financial condition and capacity to repay is in doubt and may be	B to D

3.2.3 Credit Limits

Portfolio concentration limits are set by the Bank to specify maximum credit exposures we are willing to assume over given periods. The limits reflect the Bank's credit risk appetite. The parameters on which portfolio limits are based include limits per obligor, products, sector, industry, rating grade, geographical location, type of collateral, facility structure and conditions of the exposure.

3.2.4 Monitoring Default Risk

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

3.2.5 Maximum exposure to credit risk before collateral held or other credit enhancements

The Bank's maximum exposure to credit risk as at 30th June 2017 and 31st December 2016 is represented by the net carrying amounts of the financial assets set out below:

Financial Assets	Maximum exposure	Fair value of Collateral held	Surplus collateral	Net exposure
	'30 June 2017			
	N'million	N'million	N'million	N'million
Cash and balances with central bank	171,811	-	-	171,811
Due from banks	48,278	-	-	48,278
Loans and advances to customers	720,163	3,031,091	2,310,928	-
Investments:			-	
Held for trading(Fair value through profit or loss)	14,330	-	-	14,330
Available for sale	81,204	-	-	81,204
Held to maturity	125,630	-	-	125,630
Other assets	33,686	-	-	33,686
Financial guarantee contracts:				
Performance bonds and guarantees	222,936	-	-	222,936
Letters of credit	92,688	-	-	92,688
	1,510,727	**3,031,091**	**2,310,928**	**790,564**

Financial Assets	Maximum exposure	Fair value of Collateral held	Surplus collateral	Net exposure
	'31 December 2016			
	N'million	N'million	N'million	N'million
Cash and balances with central bank	141,972	-	-	141,972
Due from banks	49,200	-	-	49,200
Loans and advances to customers	718,401	3,270,056	2,551,655	-
Investments:				
Held for trading(Fair value through profit or loss)	18,098	-	-	18,098
Available for sale	82,569	-	-	82,569
Held to maturity	138,134	-	-	138,134
Other assets	32,658	-	-	32,658
Financial guarantee contracts:				
Performance bonds and guarantees	169,337	-	-	169,337
Letters of credit	44,038	-	-	44,038
	1,394,407	**3,270,056**	**2,551,655**	**676,006**

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 30 June 2017, is set out below:

	30 June 2016				
Financial assets with credit risk:	**Cash and balance with Central bank N'million**	**Due from banks N'million**	**Loans and advances to customers N'million**	**Investment securities N'million**	**Other assets N'million**
Carrying amount	171,811	48,278	720,163	221,164	33,686
Concentration by sector					
Agriculture	-	-	10,517	-	-
Oil and gas	-	-	197,252	-	-
Consumer credit	-	-	41,761	-	-
Manufacturing	-	-	67,605	-	-
Mining and Quarrying	-	-	0.37	-	-
Mortgage	-	-	-	-	-
Real estate and construction	-	-	23,120	-	-
Construction	-	-	25,731	-	-
Finance and insurance	171,811	48,278	7,213		33,686
Government	-	-	105,395	221,164	-
Power	-	-	91,584	-	-
Other public utilities	-	-	0.45	-	-
Transportation	-	-	59,206	-	-
Communication	-	-	38,776	-	-
Education	-	-	3,201	-	-
Other	-	-	48,800	-	-
Total gross amount	171,811	48,278	720,163	221,164	33,686
Concentration by location	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Abroad	-	48,278	-	-	-
Nigeria:					
North East	-	-	11,679	-	-
North Central	171,811	-	61,960	-	-
North West	-	-	19,006	-	-
South East	-	-	38,077	-	-
South South	-	-	61,433	-	-
South West	-		528,008	221,164	33,686
Total gross amount	171,811	48,278	720,163	221,164	33,686

	31 Dec 2016				
Financial assets with credit risk:	**Cash and balance with Central bank N'million**	**Due from banks N'million**	**Loans and advances to customers N'million**	**Investment securities N'million**	**Other assets N'million**
Carrying amount	141,972	49,200	718,401	238,801	32,658
Concentration by sector					
Agriculture	-	-	9,481	-	-
Oil and gas	-	-	184,796	-	-
Consumer credit	-	-	56,064	-	-
Manufacturing	-	-	74,203	-	-
Mining and Quarrying	-	-	4	-	-
Mortgage	-	-	-	-	-
Real estate and construction	-	-	22,587	-	-
Construction	-	-	22,474	-	-
Finance and insurance	141,972	49,200	6,198	238,801	32,658
Government	-	-	100,104		-
Power	-	-	87,058	-	-
Other public utilities	-	-	1	-	-
Transportation	-	-	64,868	-	-
Communication	-	-	42,125	-	-
Education	-	-	3,320	-	-
Other	-	-	45,120	-	-
Total gross amount	141,972	49,200	718,401	238,801	32,658
Concentration by location	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Abroad	-	49,200	-	-	-
Nigeria:					
North East	-	-	9,405	-	-
North Central	141,972	-	70,207	-	-
North West	-	-	22,254	-	-
South East	-	-	36,732	-	-
South South	-	-	62,265	-	-
South West	-	-	517,537	238,801	32,658
Total gross amount	141,972	49,200	718,401	238,801	32,658

3.2.7 Credit quality

	30 June 2017				
	Cash and balance with Central bank N'million	**Due from banks N'million**	**Loans and advances to customers N'million**	**Debt securities N'million**	**Other assets N'million**
Neither past due nor impaired	171,811	48,278	705,940	221,164	33,686
Past due but not impaired	-	-	-	-	-
Past due and collectively impaired	-	-	13,218	-	-
Individually impaired	-	-	30,137	-	-
Gross	171,811	48,278	749,295	221,164	33,686
Impairment allowance					
Incurred but not reported			-2,567		
Collective Impairment	-	-	-4,036	-	-
Individual impairment	-	-	(22,529)	-	-

Net	171,811	48,278	720,163	221,164	33,686

	31 Dec 2016				
	Cash and balance with Central bank N'million	Due from banks N'million	Loans and advances to customers N'million	Debt securities N'million	Other assets N'million
Neither past due nor impaired	141,972	49,200	693,765	238,801	32,658
Past due but not impaired	-	-	-	-	-
Past due and collectively impaired	-	-	16,111	-	-
Individually impaired	-	-	33,244	-	-
Gross	141,972	49,200	743,120	238,801	32,658
Impairment allowance					
Incurred but not reported			-6,785		
Collective Impairment	-	-	-2,907	-	-
Individual impairment	-	-	-15,027	-	-
Net	141,972	49,200	718,401	238,801	32,658

(a) Financial assets neither past due nor impaired

The credit quality of the portfolio of financial assets that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Bank.

		To customers					
30 June 2017	**Due from Banks N'million**	**Overdrafts N'million**	**Term loans N'million**	**Finance lease N'million**	**Other N'million**	**Total Loan N'million**	**Other assets N'million**
Grades:							
1. AAA to AA	48,278	347	6,422	269	-	7,038	-
2. A+ to A-	-	2,308	21,228	528	-	24,064	-
3. BBB+ to BI	-	15,822	128,781	12,576	-	157,179	-
4. Below BB-	-	4,444	45,641	814	-	50,899	-
5. Unrated	-	24,553	436,136	6,071	-	466,760	33,686
	48,278	47,474	638,208	20,258	-	705,940	33,686
31 December 2016		**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Grades:							
1. AAA to AA	49,200	378	6,512	271	-	7,161	-
2. A+ to A-	-	2,031	46,032	747	-	48,810	-
3. BBB+ to BI	-	11,685	102,193	13,251	-	127,129	-
4. Below BB-	-	3,949	37,018	562	9	41,538	-
5. Unrated	-	22,978	437,653	7,174	1,322	469,127	32,658
	49,200	41,021	629,408	22,005	1,331	693,765	32,658

(b) Financial assets individually impaired

	To customers				
	Overdrafts	Term loans	Finance lease	Others	Total
30 June 2017	N'million	N'million	N'million	N'million	N'million
Gross amount					
1. AAA to AA	-	-	-	-	-
2. A+ to A-	-	-	-	-	-
3. BBB+ to BB-	-	8,043	-	-	8,043
4. Below BB-	-	-	-	-	-
5. Unrated	12,384	5,642	4,068	-	22,094
	12,384	13,685	4,068	-	30,137
Individual impairment	-10,987	-8,080	-3,462	-	(22,529)
Net amount	1,397	5,605	606	-	7,608

	To customers				
	Overdrafts	Term loans	Finance lease	Others	Total
31 December 2016	N'million	N'million	N'million	N'million	N'million
Gross amount					
1. AAA to AA	-	-	-	-	-
2. A+ to A-	123	-	-	-	123
3. BBB+ to BB-	-	736	-	-	736
4. Below BB-	13,454	7,878	5,506	-	26,838
5. Unrated	156	5,115	276	-	5,547
	13,733	13,729	5,782	-	33,244
Individual impairment	(4,822)	(7,497)	(2,708)	-	(15,027)
Net amount	8,911	6,232	3,074	-	18,217

(c) Financial assets collectively impaired

	To customers				
	Overdrafts	Term loans	Finance lease	Other	Total
30 June 2017	N'million	N'million	N'million	N'million	N'million
Gross amount					
1. AAA to AA	-	-	-	-	-
2. A+ to A-	-	-	-	-	-
3. BBB+ to BB-	-	-	-	-	-
4. Below BB-	-	-	-	-	-
5. Unrated	10,979	2,176	63	-	13,218
	10,979	2,176	63	-	13,218
Collective impairment	(3,418)	(599)	(19)	-	(4,036)
Net amount	7,561	1,577	44	-	9,182

31 December 2016	To customers Overdrafts N'million	Term loans N'million	Finance lease N'million	Other N'million	Total N'million
Gross amount					
1. AAA to AA	-	-	-	-	-
2. A+ to A-	2	-	-	-	2
3. BBB+ to BB-	111	415	-	-	526
4. Below BB-	4,881	774	68	-	5,723
5. Unrated	1,444	8,203	213	-	9,861
	6,438	9,392	281	-	16,111
Collective impairment	(938)	(1,741)	(228)	-	(2,907)
Net amount	5,500	7,651	53	-	13,204

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 30 June 2017 and 31 December 2016:

	Investments in Government Securities					
30 June 2017	Cash & cash equivalents N'million	Treasury bills N'million	Federal Govt bonds N'million	State bonds N'million	Corporate bonds N'million	Others assets N'million
AAA to AA	171,811	106,128	85,788	10,277	18,971	33,686
A+ to A-	-	-	-	-	-	-
BBB+ to BB-	-	-	-	-	-	-
Below BB-	-	-	-	-	-	-
Unrated	-	-	-	-	-	-
	171,811	106,128	85,788	10,277	18,971	33,686

31 December 2016	Cash & cash equivalents N'million	Treasury bills N'million	Federal Govt bonds N'million	State bonds N'million	Corporate bonds N'million	Others assets N'million
AAA to AA	141,972	126,823	79,771	13,299	18,908	32,658
A+ to A-	-	-	-	-	-	-
BBB+ to BB-	-	-	-	-	-	-
Below BB-	-	-	-	-	-	-
Unrated	-	-	-	-	-	-
	141,972	126,823	79,771	13,299	18,908	32,658

3.2.8 Description of collateral held

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

Key Collateral Management Policies

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

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

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

The Bank believes that the requirement for collateral is not a substitute for the ability to pay, which is a primary consideration in the Bank's lending decisions. Although the Bank will usually collaterise its credit exposure to a customer, such an obligor is expected to repay the loan in the ordinary cthe Bank'sse 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 following table indicates the Bank’s credit exposures by class and value collaterals:

	30 June 2017		31 December 2016	
	Exposure	Collateral Value	Exposure	Collateral Value
	N'million	N'million	N'million	N'million
Secured against real estate	90,160	2,850,327	337,214	2,520,484
Secured by shares of quoted companies	567	176,799	114	215
Secured by others	658,568	3,965	405,374	749,357
Unsecured	-	-	418	-
Gross loans and advances to customers	749,295	3,031,091	743,120	3,270,056

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

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

Short-Term Liquidity

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

Asset Liquidity

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

Funding Diversification

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

Stress Testing

As a result of volatilities which take place in the Bank's operating environment, the Bank conducts stress tests to evaluate

3.3.2 Maturity analysis

The table below analyses financial assets and liabilities of the Bank into relevant maturity bands based on the remaining period at reporting date to the contractual maturity date. The maturity analysis have been presented based on the behaviour 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**
30 June 2017	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Cash and balances with Central Bank of Nigeria	44,583	-	-	186,655	-	231,238
Due from banks	48,278	-	-	-	-	48,278
Loans and advances to customers	48,626	125,727	179,227	220,758	170,326	744,663
Investment securities						
- Held for trading	2,071	499	7,539	9,962	2,558	22,630
- Available for sale	718	2,159	52,105	19,958	13,665	88,604
- Held to maturity	15,915	395	20,064	114,140	29,213	179,726
Other Assets	1,711	8,752	10,306	11,717	-	32,485
Total financial assets	161,901	137,531	269,240	563,192	215,761	1,347,624
Financial liabilities						
Customer deposits	130,789	138,472	256,927	253,437	-	779,625
Other liabilities	14,651	10,638	26,102	48,773	103,140	203,304
Debt issued and other borrowed funds	-	-	91,540	70,479	13,330	175,349
Total financial liabilities	145,440	149,110	374,570	372,688	116,470	1,158,278
Gap (assets-liabilities)	16,461	-11,579	-105,329	190,503	99,291	
Cumulative liquidity gap	16,461	4,882	-100,447	90,056	189,347	
Financial guarantee contracts:						
Performance bonds and guarantees	55,023	56,331	35,479	21,762	54,341.47	222,937
Letters of credit	50,788	29,358	12,543	-	-	92,689
	105,811	85,689	48,022	21,762	54,341	315,625

31 December 2016	**Up to 1 month** N'million	**1-3 months** N'million	**3-12 months** N'million	**1-5 years** N'million	Over 5 years N'million	**Total** N'million
Cash and balances with Central Bank of Nigeria	42,831	30,582	79,618	110,795	-	263,826
Due fron banks	49,200	-	-	-	-	49,200
Loans and advances to customers	47,075	62,896	138,919	393,828	96,581	739,298
Investment securities						
- Held for trading	778	4,161	10,319	2,879	550	18,687
- Available for sale	0	9,890	55,333	9,374	8,647	83,244
- Held to maturity	344	14,516	48,640	58,965	25,543	148,008
Other Assets	3,600	9,752	8,506	10,800	-	32,658
Total financial assets	143,827	131,797	341,335	586,641	131,321	1,334,921
Financial liabilities						
Customer deposits	160,398	114,525	298,165	264,883	-	837,971
Other liabilities	14,422	38,980	20,181	12,024	73,800	159,406
Debt issued and other borrowed funds	-	-	-	131,918	34,767	166,685
Total financial liabilities	174,820	153,505	318,346	408,824	108,567	1,164,062
Gap (assets-liabilities)	-30,993	-21,708	22,989	177,817	22,754	
Cumulative liquidity gap	-30,993	-52,701	-29,712	148,105	170,859	
Financial guarantee contracts:						
Performance bonds and guarantees	21,423	36,331	35,479	21,762	54,342	169,337
Letters of credit	20,128	17,368	6,543	-	-	44,039
Total	41,551	53,699	42,022	21,762	54,342	213,376

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

3.4 Market Risk

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

3.4.1 Management of market risk

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

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

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

3.4.2 Measurement of market risk

The Bank's major measurement technique used to measure and control market risk is outlined below.

Value at risk (VAR)

VaR measures the worst expected loss in the fair value of a financial instrument over a defined period of time (horizon) under normal market conditions at a stated confidence level.

Delta Normal approach to VaR is adopted to measure the potential loss in financial instrument over a one business day horizon at 99% confidence level (1% probability) and a defeasance (holding) period of 10 business days. The 1% probability measure implies that the VaR amount may be exceeded three times in a year for 250 business days.

The risk factors used to calculate the VaR numbers are foreign exchange rate and interest rate and both impacted the positions held being very volatile during the period.

The VaR approach adopted were under assumptions of normally distributed returns and effect of correlations in calculating the potential losses.

However, the VaR figures may not accurately capture potential losses, to the extent that there are deviations from normal distribution and abnormally large number of extreme events. The table below shows the VaR of the trading position of the Bank.

	30 June 2017			31 December 2016		
	Average	**High**	**Low**	**Average**	**High**	**Low**
	N'000	N'000	N'000	N'000	N'000	N'000
Foreign exchange risk	17,238	68,954	3,448	2,845	28,706	242
Interest rate risk	159,239	1,340,634	79,620	15,064	271,155	5,321
Total VAR	176,477	1,409,587	83,067	17,909	299,861	5,563

3.4.3 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 30 June 2017.

	30 June 2017				
	USD	**GBP**	**Euro**	**Naira**	**Total**
Financial assets	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Cash and balances with Central Ba	-	-	-	228,238	228,238
Due from banks	41,381	655	627	5,615	48,278
Loans and advances to customers	296,401	526	365	422,871	720,163
Investment securities:					
- Financial assets held for trading	-	-	-	14,330	14,330
- Available for sale	-	-	-	81,204	81,204
- Held to maturity	33,534	-	-	92,096	125,630
Other financial assets	-	-	-	33,686	33,686
	371,303	1,181	992	892,035	1,251,529
Financial liabilities					
Customer deposits	99,554	1,946	1,474	658,095	761,069
Other liabilities	-	-	-	197,372	198,573
Debt issued and other borrowed fu	126,059	-	-	29,148	155,207
	225,613	1,946	1,474	884,615	1,114,849

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	145,691	(765)	101
Closing Exchange Rate (Naira/ Currency)	305.90	408.66	358.95
1% Currency Depreciation (+)	308.96	412.75	362.54
Net effect of depreciation on Profit or loss	1,457	(8)	1
1% Currency Appreciation (-)	302.84	404.57	355.36
Net effect of appreciation on Profit or loss	(1,457)	8	(1)

	31 December 2016				
	USD	**GBP**	**Euro**	**Naira**	**Total**
Financial assets	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Cash and balances with Central	16,963	-	-	190,098	207,061
Due from banks	39,547	897	2,645	6,111	49,200
Loans and advances to customers	318,143	530	334	399,394	718,401
Investment securities:					
- Financial assets held for trading	-	-	-	18,098	18,098
- Available for sale	-	-	-	82,569	82,569
- Held to maturity	22,186	-	-	115,948	138,134
Other financial assets	-	-	-	32,658	32,658
	396,839	1,427	2,979	856,064	1,246,122
Financial liabilities					
Customer deposits	187,986	2,925	2,878	599,182	792,971
Other liabilities	-	-	-	159,406	159,406
Debt issued and other borrowed fu	130,159	-	-	28,876	159,035
	318,145	2,925	2,878	787,464	1,111,412

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	78,694	(1,498)	101
Closing Exchange Rate (Naira/ Currency)	305.00	380.36	325.08
1% Currency Depreciation (+)	308.05	384.16	328.33
Net effect of depreciation on Profit or loss	787	(15)	1
1% Currency Appreciation (-)	301.95	376.56	321.83
Net effect of appreciation on Profit or loss	(787)	15	(1)

The Bank's exposure to foreign exchange risk is largely concentrated in USD. Movement in the exchange rate between the foreign currencies and the Nigerian naira affects reported earnings through revaluation gain or loss and the statement of financial position through an increase or decrease in the revalued amounts of financial assets and liabilities denominated in foreign currencies.

3.4.4 Interest rate risk

The table below summarises the Bank's interest rate gap position on non-trading portfolios:

30 June 2017	Carrying amount N'million	Variable interest N'million	Fixed interest N'million	Non interest-bearing N'million
Financial assets				
Cash and balances with Central Bank of Nigeria	228,238	-	-	228,238
Due from banks	48,278	-	5,615	42,663
Loans and advances to customers	720,163	293,752	426,411	-
Investment securities				
- Financial assets held for trading	14,330	-	14,330	-
- Available for sale	81,204	-	81,204	-
- Held to maturity	125,630	-	125,630	-
Other financial assets	33,686	-	-	33,686
	1,253,731	293,752	654,713	305,266
Financial liabilities				
Customer deposits	755,069	-	347,450	407,619
Other liabilities	198,573	10,550	98,497	89,526
Debts issued and other borrowed funds	155,207	42,774	112,433	-
	1,108,849	53,324	558,380	497,145

31 December 2016	Carrying amount N'million	Variable interest N'million	Fixed interest N'million	Non interest-bearing N'million
Financial assets				
Cash and balances with Central Bank of Nigeria	207,061	-	-	207,061
Due from banks	49,200	-	49,200	-
Loans and advances to customers	718,401	292,395	426,006	-
Investment securities				
- Financial assets held for trading	18,098	-	18,098	-
- Available for sale	82,569	-	82,569	-
- Held to maturity	138,134	-	138,134	-
Other financial assets	32,658	-	-	32,658
	1,246,121	292,395	714,007	239,719
Financial liabilities				
Customer deposits	792,971	-	523,476	269,495
Other liabilities	159,406	-	99,703	59,703
Debts issued and other borrowed funds	159,035	38,753	120,282	-
	1,111,412	38,753	743,461	329,198

Interest rate sensitivity

Total interest repricing gap

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

30 June 2017	**Less than 3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**More than 5 years**	**Total rate sensitive**
Financial assets	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Cash and balances with Central Bank of Nigeria	-	-	-	-	-	-
Due from banks	5,615	-	-	-	-	5,615
Loans and advances to customers	174,352	41,422	137,805	196,329	171,778	721,686
Investment securities						
- Available for sale	2,877	34,326	23,795	7,712	12,494	81,204
- Held to maturity	16,309	834	19,230	60,044	29,213	125,630
Total assets	199,153	76,582	180,830	264,085	213,485	934,135
Financial liabilities						
Customer deposits	185,889	24,078	8,602	128,881	-	347,450
Debt issued and other borrowed fu	10,486	-	91,540	56,401	5,035	163,462
Total liabilities	196,375	24,078	100,142	185,281	5,035	510,912
Net financial assets and	2,777	52,505	80,688	78,804	208,450	423,223
Net financial assets and liabilities excluding Available for sale	(99)	18,178	56,892	71,092	195,956	342,019

31 December 2016	**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	-	-	-	-	-	-
Due from banks	49,200	-	-	-	-	49,200
Loans and advances to customers	110,330	11,823	127,128	371,133	97,987	718,401
Investment securities						
- Available for sale	10,027	12,505	53,105	4,643	2,290	82,570
- Held to maturity	19,196	42,678	7,128	39,417	29,715	138,134
Total assets	188,753	67,006	187,360	415,193	129,992	988,305
Financial liabilities						
Customer deposits	229,159	35,117	17,173	242,027	-	523,476
Debts issued and other borrowed fu	-	-	-	124,298	34,737	159,035
Total liabilities	229,159	35,117	17,173	366,325	34,737	682,511
Net finnacial assets and						
Net financial assets and	(40,407)	31,889	170,187	48,868	95,255	305,794
	(50,434)	19,384	117,083	44,225	92,966	223,224

INTEREST RATE SENSITIVITY ANALYSIS ON VARIABLE RATES INSTRUMENTS ON 30 June 2017

Asset with variable interest rate	Increase/Decrease in bp	Amount	Effect of increase by 200bp on Profit	Effect of decrease by 200bp on Profit
		N'million	N'million	N'million
Loans and advances to customers	+200bp/-200l	293,752	5,875	-5,875
Debts issued and other borrowed	+200bp/-200l	42,774	-855	855

31 December 2016

Asset with variable interest rate	Increase/Decrease in bp	Amount	Effect of increase by 200bp on Equity	Effect of increase by 200bp on Equity
		N'million	N'million	N'million
Loans and advances to customers	+200bp/-200l	292,395	5,848	-5,848
Debts issued and other borrowed	+200bp/-200l	38,753	-775	775

3.4.5 Equity price risk

The Bank holds a number of investments in unquoted securities some of which are carried at fair value with a market value of N4.846 billion (31 December 2016: N6.480 billion). The significant investments which are carried at fair value is MTN at N3.619billion (cost N4.221 billion). MTN Nigeria is a private limited liability company whose principal activity is the provision of mobile telecommunications service using the Global System for Mobile Communications (GSM) platform.

3.5 Fair value of financial assets and liabilities

	30 June 2017		31 December 2016	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets	**N'million**	**N'million**	**N'million**	**N'million**
Loans and advances to customers	**658,905**	**627,032**	**658,066**	**636,275**
- Term loans	638,071	610,253	633,034	611,288
- Advances under finance lease	20,834	16,779	25,032	24,987
Held for trading	**14,330**	**14,330**	**18,098**	**18,098**
- Treasury bills	10,600	10,600	17,801	17,801
- Federal Government bonds	3,730	3,730	297	297
- State bonds	-	-	-	-
Available for sale	**86,050**	**86,050**	**87,415**	**87,415**
- Treasury bills	54,342	54,342	74,599	74,599
- Federal Government bonds	20,013	20,013	29	29
- State Government bonds	6,849	6,849	7,941	7,941
- Equity investments	4,846	4,846	4,846	4,846
Held to maturity investment	**125,630**	**115,955**	**138,134**	**136,370**
- Treasury bills	41,187	40,794	34,423	34,467
- Federal Government bonds	62,045	53,492	79,445	78,011
- State Government bonds	3,427	3,243	5,358	5,353
- Corporate Bonds	18,971	18,426	18,908	18,539
Financial liabilities				
Deposits from customers	**285,946**	**259,904**	**792,971**	**641,424**
Term	182,972	171,960	168,599	142,845
Domiciliary	102,974	87,944	138,670	122,877
Debts issued and other borrowed funds	**155,207**	**150,167**	**159,035**	**144,665**

(b) Financial instruments measured at fair value

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are

- 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
- 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.

30 June 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets	**N'million**	**N'million**	**N'million**	**N'million**
Assets measured at fair value				
Held for trading				
- Treasury bills	-	10,600	-	10,600
- Federal Government bonds	-	3,730	-	3,730
- State Government bonds	-	-	-	-
				-
Available for sale				-
- Treasury bills	-	54,342	-	54,342
- Federal Government bonds	-	20,013	-	20,013
- State Government bonds	-	6,849	-	6,849
- Equity investments	-	-	4,846	4,846
Assets for which fair values are disclosed				
Financial assets carried at amortised cost				
Loans and Advances				
- Term loans	-		610,253	610,253
- Advances under finance lease	-		16,779	16,779
Held to maturity investment				
- Treasury bills	-	40,794	-	40,794
- Federal Government bonds	-	53,492	-	53,492
- State Government bonds	-	3,243	-	3,243
- Corporate bonds	-	18,426	-	18,426

	Level 1	**Level 2**	**Level 3**	**Total**
Financial liabilities	**N'million**	**N'million**	**N'million**	**N'million**
Liabilities for which fair value are disclosed				
Borrowings				
Financial liabilities carried at amortised cost				
- Debt issued and other borrowed funds	-	150,167	-	150,167

31 December 2016	Level 1	Level 2	Level 3	Total
Financial assets	**N'million**	**N'million**	**N'million**	**N'million**
Assets measured at fair value				
Held for trading				
- Federal Government bonds	-	17,801	-	17,801
- State Government bonds	-	297	-	297
Available for sale				
- Treasury bills	-	74,599	-	74,599
- Federal Government bonds	-	29	-	29
- State Government bonds	-	7,941	-	7,941
- Equity investments	-	-	4,846	4,846
Assets for which fair values are disclosed				
Financial assets carried at amortised cost				
- Term loans	-	611,288	-	611,288
- Advances under finance lease	-	24,987	-	24,987
Held to maturity investment				
- Treasury bills	-	34,467	-	34,467
- Federal Government bonds	-	78,011	-	78,011
- State Government bonds	-	5,353	-	5,353
Corporate Bonds	-	18,539	-	18,539

Liabilities for which fair values are disclosed

Financial liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
Borrowings	**N'million**	**N'million**	**N'million**	**N'million**
Financial liabilities carried at amortised cost				
- Debt issued and other borrowed funds	-	144,665	-	144,665

Reconciliation of Level 3 items

	Unlisted equity
	N'million
At 1 January 2016	4,846
At 30 June 2017	4,846

Total gains or losses for the period is included in Net gains/(losses) on Available-for-sale financial assets recognised in other comprehensive income as at 30 June 2017.

	Unlisted equity securities
	N'million
At 1 January 2016	6,480
Total gains	(1,634)
At 31 December 2016	4,846

Total gains or losses for the period is included in Net gains/(losses) on Available-for-sale financial assets recognised in other comprehensive income as at 30 June 2017.

Description of significant unobservable inputs to valuation:
The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 30 June 2017 and 2016 are as shown below:

AFS financial assets in unquoted equity shares	**Valuation technique**	**Significant unobservable inputs**	**Range (weighted average)**	**Sensitivity of the input to fair value**
- Financial services sector	Market / Guideline Company Approach, using P/E multiple derived from selected comparable companies	Earnings of selected comparable companies, minority and liquidity discount.	Weight of 0-1 in arriving at average P/E multiples from selected comparable	5% (2016: 5%) increase (decrease) in the earnings would result in an increase (decrease) in fair value by N85 million (2016: N85 million)
- Telecommunications sector	Market approach- Reference to recent market transaction	The price per unit of the shares in the recent transaction	N/A	5% (2016: 5%) increase (decrease) in the price would result in an increase (decrease) in fair value by N239 million (2016: N239 million)

(c) Fair valuation methods and assumptions

(i) Cash and balances with central banks
Cash and balances with central bank represent cash held with central banks of the various jurisdictions in which the Bank operates. The fair value of these balances approximates their carrying amounts.

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

(iii) Treasury bills and bonds

Treasury bills represent short term instruments issued by the Central banks of the jurisdiction where the Bank operates. The fair value of treasury bills are derived from the quoted yields,while the fair value of bonds are determined with reference to quoted prices in active markets for identical assets. For certain securities market prices cannot be readily obtained especially for illiquid Federal Government Bonds, State Government and Corporate Bonds. The positions was marked-to-model at 31 December 2016 and 30 June 2017 based on yields for identical assets.

(iv) Equity securities

The fair value of quoted equity securities are determined by reference to quoted prices (unadjusted) in active markets for identical instruments. The fair value of unquoted equity securities are determined based on the level of information available. The investment in AFC and similar smaller holdings in various unquoted entities is carried at cost. The investment in MTN Nigeria was valued by reference to recent market transaction price (unadjusted). The investment in Unified Payment System(formely Valuecard Nigeria) is fair valued using the P/E multiple.

(v) Loans and advances to customers

Loans and advances are carried at amortised cost net of 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 the fair value of Overdrafts approximate their carrying amounts largely due to the short-term maturities of these instruments.

(vii) Other assets

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

(viii) Deposits from banks and due to customers

The estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits, is the amount repayable on demand. The estimated fair values of fixed interest-bearing deposits and borrowings are determined using a discounted cash flow model based on a current yield curve appropriate for the remaining term to maturity.

(ix) Other liabilities

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

(x) Debt issued and other borrowed funds

The fair of the Bank's Eurobond issued is derived from quoted market prices in active markets. The fair values of the Bank’s interest-bearing borrowings and loans are determined by using the DCF method using discount rate that reflects the issuer’s borrowing rate as at the end of the reporting period.

3.6 OPERATIONAL RISK MANAGEMENT

Operational risk is the potential for loss arising from inadequate or failed internal processes, people and systems or from
The scope of operational risk management in the Bank covers risk exposures that may lead to unavailability of service, information deficiency, financial loss, increased costs, loss of professional reputation, failure to keep or increase market share, risks which result in the imposition of sanctions on the Bank by regulators or legal proceedings against the Bank by third parties.

Organizational Set-up

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

Operational Risk Framework

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

Process/Risk Mapping

With the objective to engender standardization and facilitate risk communication among the Bank's team members, key processes of the Bank have been mapped to procedural levels with inherent risk and controls identified and overlaid. Process maps and documentation developed from this implementation assist the Bank in identifying process bottlenecks, pinpointing redundancies, locating waste and processes for optimisation.

Loss Data Collection

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

Risk and Control Self Assessments (RCSA)

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

Key Risk Indicators (KRIs)

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

Business Continuity Management (BCM)

The Bank's BCM plans assist us in building resilience for effective response to catastrophic and business disruption events. In broad categories, the plans cover disaster recovery, business recovery, business resumption, contingency planning and crisis management events. The Bank's event specific BCM plans which are tested semi-annually deal with threats of fire, flood, robberies, loss of utilities, information security breaches, civil disturbances, disruption from outsThe Bank'sced service partners amongst others.

4. Capital management

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

a. To comply with the capital requirements set by the regulators of the banking markets where the entities within the Bank

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 10% for a National bank.

In 2016, the Central Bank of Nigeria issued circular BSD/DIR/CIR/GEN/LAB/06/03 to all Bank's and discount houses on the implementation of Basel II/III issued 10 December 2013 and guidance notes to the regulatory capital measurement and management for the Nigerian Banking System for the implementation of Basel II/III in Nigeria.The capital adequacy ratio for the period ended 30 June 2017 and the comparative period 31 December 2016 is in line with the new circular. The computations are consistent with the requirements of Pillar I of Basel II ACord (Interenal 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 enviroment.

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, subordinated debt. Tier 2 capital is limited to a maximum of 33.3% of the total of Tier 1

The CBN excluded the following reserves in the computation of total qualifying capital:

1 The Regulatory Risk Reserve created pursuant to Section 12.4 (a) of the Prudential Guidelines which was effective on 1 July 2010 is excluded from regulatory capital for the purposes of capital adequacy assessment;

2 Collective impairment on loans and receivables and other financial assets no longer forms part of Tier 2 capital; and

3 Other Comprehensive Income (OCI) Reserves is recognized as part of Tier 2 capital subject to the limits on the Calculation of Regulatory Capital.

The table below summarises the composition of regulatory capital and the ratios of the Bank for the period ended 31 December 2016 and the period ended 30 June 2017. During those two periods, the individual entities within the Bank and the Bank as an entity as well complied with all of the externally imposed capital requirements to which they are subject.

	June 2017 N'million	December 2016 N'million
Tier 1 capital		
Share capital	14,481	14,481
Share premium	101,272	101,272
Retained earnings (less proposed dividend)	32,203	25,918
Statutory reserve	25,831	24,476
Small scale investment reserve	764	764
Tier 1 Deductions - Intangible Assets	-839	-795
Total qualifying Tier 1 capital	173,712	166,116
Regulatory adjustment		19,020
Adjusted qualifying Tier 1 capital	173,712	147,096
Tier 2 capital		
Eurobond Issue (Discounted to 20%)	18,438	18,555
Local Bond Issue	30,069	29,042
Revaluation Reserve	-	-
Available-for-sale (AFS) reserve	4,177	2,220
Total Tier 2 capital	52,684	49,817
Less other deductions		
Excess exposure over single obligor without CBN approval	13,022	-
	39,662	49,817
Qualifying Tier 2 Capital restricted to lower of Tier 2 and 33.33% of Tier 1 Capital	39,662	48,983
Total Tier 1 & Tier 2 Capital	213,374	196,079
Risk-weighted assets:		
Credit Risk Weighted Assets	914,806	914,809
Market Risk Weighted Assets	82,656	62,506
Operational Risk Weighted Assets	160,943	160,943
Total risk-weighted assets	1,158,405	1,138,258
Capital Adequacy Ratio (CAR)	18.42%	17.23%
Minimum Capital Adequacy Ratio	15.00%	15.00%

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 2017, Management prepared its financial records in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board . This segment is what the Bank's Executive Committee reviews in assessing performance, allocating resources and making investment decisions.

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

Segment result of operations - IFRS 8.23

The segment information provided to the Executive Committee for the reportable segments for the period ended 30 June 2017 is as follows:

	Retail banking N 'millions	Corporate banking N 'millions	Investment banking N 'millions	Public sector N 'millions	Combined N 'millions
At 30 June 2017					
Revenue derived from external customers	23,727	30,214	31,880	-	85,821
Revenues from other segments	-	-	-	-	-
Total	23,727	30,214	31,880	-	85,821
Interest income	21,408	25,407	26,037	-	72,853
Interest expense	-14,321	-11,874	-11,958	-	-38,153
Profit before tax	7,182	2,372	665	-	10,219
Income tax expense	-832	-274	-77	-	-1,183
Profit for the period	6,350	2,098	588	-	9,036
At 30 June 2017					
Total segment assets	637,153	87,083	584,466	-	1,308,702
Total segment liabilities	358,071	441,708	316,584	-	1,116,363
Other segment information					
Depreciation/Amortization	-1,304	-431	-121	-	-1,855

The segment information provided to the Executive Committee for the reportable segments for the year ended 31 December 2016 is as follows:

	Retail banking N 'millions	Corporate banking N 'millions	Investment banking N 'millions	Public sector N 'millions	Combined N 'millions
At 31 December 2016					
Revenue derived from external customers	37,062	20,811	11,567	819	70,259
Revenues from other segments	-	-	-	-	-
Total	65,062	51,111	35,029	819	152,021
Interest income	20,935	19,148	16,046	877	57,006
Interest expense	-12,193	-5,214	-8,218	-150	-25,775
Profit before tax	3,682	930	1,260	259	6,131
Income tax expense	-436	-80	-151	-8	-675
Profit for the year	3,246	850	1,109	251	5,456
At 31 December 2016					
Total segment assets	703,534	281,984	311,387	1,235	1,298,141
Total segment liabilities	578,637	247,893	284,982	1,227	1,112,739
Other segment information					
Depreciation/Amortization	-1,253	-328	-428	-97	-2,107

6 Interest and similar income

	Audited 30 June 2017 N'million	Unaudited 30 June 2016 N'million
Loans and advances to customers (see note 6.1)	51,050	39,441
Treasury bills and other investment securities:		
-Held for trading	1,756	1,926
-Available for sale	9,019	5,316
-Held to maturity	8,512	8,027
Advances under finance lease	2,411	2,124
Placements and short term funds	105	172
	72,853	57,006

6.1 Interest and similar income on loans and advances to customers

Interest income on loans and advances to customers of N51.05 billion (30 June 2016:N39.44 billion) includes interest income on impaired financial assets of N0.5 billion (30 June 2016:N1.4 billion), recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

7 Interest and similar expense

	Audited 30 June 2017 N'million	Unaudited 30 June 2016 N'million
Term deposits	26,297	16,893
Debts issued and other borrowed funds	6,864	5,999
Savings deposits	2,995	2,274
Current accounts	1,793	503
Inter-bank takings	204	106
	38,153	25,775

8 Impairment charge

Impairment reversal/(charge) on loans and advances (Note 21):		
- Overdrafts	(6,536)	(4,227)
- Term loans	2,509	(335)
- Finance leases	(619)	(511)
- Others	16	5
Additional reversal on other assets (Note 26)	-181	270
	(4,810)	(4,797)

9 Net fee and commission income

	Audited 30 June 2017 N'million	Unaudited 30 June 2016 N'million
Commision on E-banking activities	1,004	5,929
Commissions on turnover	1,159	856
Commission on travellers cheque and foreign bills	870	763
Commision and fees on banking services	450	394
Commision and fees on NXP	217	335
Credit related fees	568	509
ATM charges	1,685	1,017
Remittance fees	51	22
Letters of credit commissions and fees	782	259
Commission on fidelity connect	908	519
Commissions on off-statement of financial position transactions	508	229
Collection fees	374	324
Telex fees	203	178
Cheque issue fees	99	108
Other fees and commissions	533	592
Total fees and commission income	9,411	12,034
Total fee and commission expense	-1,988	-1,322
Net fee and commission income	7,423	10,712

10 Other operating income

Net foreign exchange gains	2,552	963
Dividend income	800	32
Profit on disposal of property, plat and equipment	4	-
Other income	201	224
	3,557	1,219

11 Net gains/(losses) from financial instruments classified as held for trading

Net gains/losses arising from:		
Bonds	319	18
Treasury bills	-69	-794
	250	-776

12 Personnel expenses

Wages and salaries	10,812	10,464
Pension costs		
- Staff Gratuity plan	-	1,282
- Pension contribution	262	284
	11,074	12,030

13 Depreciation and Amortisation

	Audited 30 June 2017 N'million	Unaudited 30 June 2016 N'million
Property, plant and equipment (Note 23)	1,644	1,959
Intangible-computer software (Note 24)	211	148
	1,855	2,107

14 Other operating expenses

Marketing, communication & entertainment	4,536	3,737
Banking sector resolution cost	3,193	3,063
Deposit insurance premium	1,733	1,846
Contractor compensation	1,665	1,745
Repairs and maintenance	1,317	1,272
Computer expenses	1,267	1,527
Security expenses	615	694
Rent and rates	394	112
Consultancy expenses	333	226
Travelling and accomodation	289	294
Cash movement expenses	258	277
Electricity	208	206
Office expenses	185	207
Insurance expenses	172	157
Corporate finance expenses	140	290
Stationery expenses	132	127
Directors' emoluments	128	115
Training expenses	127	165
Auditors' remuneration	100	75
Legal expenses	93	148
Bank charges	77	127
Telephone expenses	50	216
Postage and courier expenses	35	57
Other expenses	925	638
	17,972	17,321

15 Taxation

		Audited 30 June 2017 N'million	Unaudited 30 June 2016 N'million
a	Current taxes on income for the reporting period	1,081	613
	Technology levy	102	61
	Current income tax charge	1,183	674
	Income tax expense	1,183	674

		Audited June 2017 N'million	Unaudited June 2016 N'million
b	**Total income tax expense in profit or loss**		
	Profit before income tax	10,219	6,131
	Income tax using the domestic corporation tax rate of 30%	3,066	3,318
	Non-deductible expenses	791	1,017
	Tax exempt income	-3,857	-4,335
	Income Tax expense based on minimum tax (note 15d)	1,081	613
	Technology levy (note 15e)	102	61
		1,183	674

The effective income tax rate is 10% for 30 June 2017 (2016:11%).

		30 June 2017 N'million	31 December 2016 N'million
c	**The movement in the current income tax liability is as follows:**		
	At 1 January	1,327	2,332
	Tax paid	(996)	(2,332)
	Income tax charge	1,183	1,327
	At 30 June	1,514	1,327

15 Taxation- continued

Reconciliation of effective tax rate

d The basis of income tax is based on minimum tax assessment as there is no taxable profit to charge tax. (2016: The basis of income tax is minimum tax assessment).

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

16 Net reclassification adjustments for realised net (gains)/ losses

The net reclassification adjustments for realised net (gains)/ losses from other comprehensive income to profit or loss are in respect of available for sale financial assets which were sold during the year.

17 Earnings per share (EPS)

Basic and Dilluted

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

	Audited 30 June 2017 N'million	**Unaudited 30 June 2016 N'million**
Profit attributable to equity holders of the Bank	9,036	5,457
	million	**million**
Weighted average number of ordinary shares in issue	28,963	28,963
Basic & diluted earnings per share (expressed in kobo per share)	31	19

18 Cash and balances with central bank

	30 June 2017 N'million	**31 December 2016 N'million**
Cash	26,199	34,861
Balances with central bank other than mandatory reserve deposits	17,806	1,954
Included in cash and cash equivalents (note 19)	44,005	36,815
Mandatory reserve deposits with central bank (see note 18.1 below)	154,005	140,018
Special cash reserve (see note 18.2 below)	30,228	30,228
Carrying amount	228,238	207,061

18.1 Mandatory reserve deposits are not available for use in the Bank's day-to-day operations. Mandatory reserve deposits are non interest-bearing. The mandatory reserve deposits represents a mandatory 25% of qualifying Naira deposits (December 2016: 25% of qualifying Naira deposits).

18.2 Special cash reserve represents a 5% special intervention reserve held with Central Bank of Nigeria as a regulatory requirement.

19 Cash and cash equivalents

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

	30 June 2017 N'million	31 December 2016 N'million
Cash and balances with central bank (Note 18)	44,005	36,815
Due from banks	48,278	49,200
Total cash and cash equivalents	92,283	86,015

20 Due from banks

Current accounts with foreign banks	42,663	36,189
Placements with other banks and discount houses	5,615	13,011
Carrying amount	48,278	49,200

21 Loans and advances to customers

	Gross amount N'million	Individual impairment N'million	Collective impairment N'million	Total impairment N'million	Carrying amount N'million
30 June 2017					
Overdrafts	75,838	(10,987)	(3,592)	(14,580)	61,258
Term loans	649,069	(8,080)	(2,918)	(10,998)	638,071
Advances under finance lease	24,389	(3,462)	(93)	(3,555)	20,834
	749,295	-22,529	-6,603	-29,132	720,163
31 December 2016					
Overdrafts	67,246	(4,822)	(3,438)	(8,260)	58,986
Term loans	646,541	(7,497)	(6,010)	(13,507)	633,034
Advances under finance lease	27,968	(2,708)	(228)	(2,936)	25,032
Other loans	1,365	-	(16)	(16)	1,349
	743,120	(15,027)	(9,692)	(24,719)	718,401

21 Loans and advances to customers- continued

Reconciliation of impairment allowance on loans and advances to customers:

	Overdrafts N'million	Term loans N'million	Finance lease N'million	Others N'million	Total N'million
Balance at 1 January 2017					
Individual impairment	4,822	7,497	2,708	-	15,027
Collective impairment	3,438	6,010	228	16	9,692
	8,260	13,507	2,936	16	24,719
Write off during the year					
Individual impairment	(216)	-	-	-	(216)
Collective impairment		-	-	-	-
	-216	-	-	-	-216
Individual impairment	4,606	7,497	2,708	-	14,811
Collective impairment	3,438	6,010	228	16	9,692
	8,044	13,507	2,936	16	24,503
Additional impairment charge/(reversal) for the period					
Individual impairment	6,381	583	754	-	7,718
Collective impairment	154	(3,092)	(135)	(16)	(3,089)
Total charge to profit or loss	6,536	(2,509)	619	(16)	4,629
Individual impairment	10,987	8,080	3,462	-	22,529
Collective impairment	3,592	2,918	93	-	6,603
Balance at 30 June 2017	14,580	10,998	3,555	-	29,132

	Overdrafts N'million	Term loans N'million	Finance lease N'million	Other N'million	Total N'million
Balance at 1 January 2016					
Individual impairment	8,835	3,493	1,112	-	13,440
Collective impairment	3,966	2,839	503	28	7,336
	12,801	6,332	1,615	28	20,776
Write off during the year					
Individual impairment	(3,393)	-	-	-	(3,393)
Collective impairment	-	-	-	-	-
	-3,393	-	-	-	-3,393
Individual impairment	5,442	3,493	1,112	-	10,047
Collective impairment	3,966	2,839	503	28	7,336
	9,408	6,332	1,615	28	17,383
Additional impairment charge/(reversal) for the year					
Individual impairment	(620)	4,004	1,596	-	4,980
Collective impairment	(528)	3,171	(275)	(12)	2,356
Total charge to profit or loss	(1,148)	7,175	1,321	(12)	7,336
Individual impairment	4,822	7,497	2,708	-	15,027
Collective impairment	3,438	6,010	228	16	9,692
Balance at 31 December 2016	8,260	13,507	2,936	16	24,719

21.2 Advances under finance lease may be analysed as follows:

	30 June 2017	31 December 2016
Gross investment	**N'million**	**N'million**
- No later than 1 year	2,961	2,910
- Later than 1 year and no later than 5 years	24,925	22,567
- Later than 5 years	2,099	3,988
	29,985	29,465
Unearned future finance income on finance leases	-5,596	-1,497
Net investment	24,389	27,968
The net investment may be analysed as follows:		
- No later than 1 year	2,163	3,256
- Later than 1 year and no later than 5 years	20,336	22,190
- Later than 5 years	1,890	2,522
	24,389	27,968

21.3 Nature of security in respect of loans and advances:

Secured against real estate	90,160	337,214
Secured by shares of quoted companies	567	114
Secured others	635,673	382,479
Advances under finance lease	22,895	22,895
Unsecured	-	418
Gross loans and advances to customers	749,295	743,120

22 Investments

		30 June 2017	31 December 2016
	Debt and equity securities	**N'million**	**N'million**
22.1	Fair value through profit and loss		
	Federal Government bonds	3,730	297
	State bonds	-	-
	Treasury bills	10,600	17,801
		14,330	18,098

		30 June 2017	31 December 2016
		N'million	**N'million**
22.2	Available for sale		
	Treasury bills	54,342	74,599
	Federal Government bonds	20,013	29
	State bonds	6,849	7,941
	Unquoted equity investments at cost (see note 22.2a)	1,579	1,579
	Unquoted equity investments at fair value	4,846	4,846
		87,629	88,994
	Impairment on unquoted equity investment at cost	(408)	(408)
		87,221	88,586

Reconciliation of allowance for impairment

At beginning of year	408	408
At end of year	408	408

22.2a Unquoted equity investments at cost

These are investments in AFC (African Finance Corporation) and other small scale enterprises which are carried at cost because their fair value cannot be reliably measured. The carrying cost of investments in AFC is N763 million (31 December 2016: N763 million). The fair value of these investments cannot be reliably benchmarked because there is no active market. The Bank does not intend to dispose the investment.

		30 June 2017	31 December 2016
		N'million	**N'million**
22.3	Held to maturity		
	Treasury bills	41,187	34,423
	Federal Government bonds	62,045	79,445
	State Government bonds	3,427	5,358
	Corporate bonds	18,971	18,908
		125,630	138,134
	Total investments	227,181	244,818

22.4 Pledged assets

Treasury Bills and Bonds are pledged to the Nigerian Inter Bank Settlement System Company (NIBSS) in respect of the Bank's ongoing participation in the Nigerian settlement system. The Bank 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:

	30 June 2017 N'million	31 December 2016 N'million
Treasury bills- Held to maturity	30,796	18,502
Corporate Bonds- Held to maturity	18,583	-
Federal Government bonds- Held to maturity	14,027	9,859

23 Property, plant and equipment	**Land**	**Buildings**	**Leasehold improvements**	**Office equipment**	**Furniture, fittings & equipment**	**Computer equipment**	**Motor vehicles**	**Work in progress**	**Total**
	N'million	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Cost									
At 1 January 2017	14,253	15,719	7,459	7,935	2,074	12,501	6,072	3,042	69,054
Additions	823	-	174	271	28	207	268	102	1,874
Reclassifications	-	279	-	820	-	-	-	(1,099)	-
Disposals	-	-	-3	-821	-2	-1	-98	-	-924
At 30 June 2017	15,076	15,998	7,630	8,205	2,100	12,707	6,242	2,045	70,004
Accumulated depreciation									
At 1 January 2017	-	(2,119)	(4,671)	(6,525)	(1,739)	(8,799)	(4,846)	-	-28,699
Charge for the period	-	-158	-109	-288	(62)	(695)	(332)	-	-1,644
Disposals	-	-	-	1	2	1	67	-	71
At 30 June 2017	-	-2,277	-4,780	-6,812	-1,799	-9,493	-5,111	-	-30,272
Carrying amount at 30 June 2017	**15,076**	**13,721**	**1,522**	**1,393**	**301**	**3,214**	**1,131**	**2,045**	**39,732**
Cost							-89,160		
At 1 January 2016	13,643	15,016	5,918	7,252	1,995	11,319	6,004	3,890	65,037
Additions	293	-	1,222	762	123	1,070	421	611	4,502
Reclassifications	321	704	319	-	-	116.00	-	-1,460	-
Disposals	(4)	-	-	-80	-42	-5	-353	-	-484
At 31 December 2016	14,253	15,720	7,459	7,934	2,076	12,500	6,072	3,041	69,055
Accumulated depreciation									
At 1 January 2016	-	(1,740)	(3,882)	(5,993)	(1,646)	(7,460)	(4,331)	-	(25,052)
Charge for the year	-	(379)	(789)	(611)	(132)	(1,344)	(760)	-	(4,015)
Disposals	-	-	-	79	39	5	245	-	368
At 31 December 2016	-	(2,119)	-4,671	(6,525)	(1,739)	(8,799)	(4,846)	-	(28,699)
Carrying amount at 31 December 2016	**14,253**	**13,601**	**2,788**	**1,409**	**337**	**3,701**	**1,226**	**3,041**	**40,356**

Work in progress relates to capital cost incured in settling up new branches. When completed and available for use, they are transfered to the respective property, plant and equipment classes and depreciation commences.

24 Intangible assets - Computer software

	30 June 2017 N'million	31 December 2016 N'million
Cost		
Balance at beginning of period/ year	2,992	2,849
Additions	255	143
Balance at end of the period/ year	3,247	2,992
Accumulated amortization		
Balance at beginning of period/ year	2,197	1,904
Amortisation for the period/ year	211	293
Balance at end of the period/ year	2,408	2,197
Carrying amount	839	795

These relate to purchased softwares.
The amortisation of intangible asset recognised in depreciation and amortisation in profit or loss was N211 million (2016: N293 million).

25 Deferred taxation

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

Deferred taxes are calculated on all temporary differences under the liability method using an effective tax rate of 30 % (2016: 30 %).

Deferred tax assets and liabilities are attributable to the following items:

25.1 Deferred tax liabilities

	30 June 2017 N'million	31 December 2016 N'million
Accelerated tax depreciation	(3,778)	(3,102)
	(3,778)	(3,102)
Deferred tax assets		
Unutilised capitalised allowance	6,740	5,552
Allowances for loan losses	2,347	2,907
Pension and other post-retirement benefits	1,541	1,541
Tax loss carried forward	19,000	16,686
	29,629	26,686
Unrecognised deferred tax assets	(25,851)	(23,584)
Net	-	-

25.2 Movements in temporary differences during the period:

Movements in temporary differences during the period:	1 Jan 2017	Recognised in P&L	Recognised in OCI	30 June 2017
Accelerated tax depreciation	(3,102)	-676	-	-3,778
Unutilised capitalised allowance	5,552	1,188	-	6,740
Allowances for loan losses	2,907	-560	-	2,347
Tax loss carry forward	16,686	2,314	-	19,000
Employee benefits	1,541	0.10	-	1,541
Unrecognised Deferred tax assets	(23,584)	-2,267	-	-25,851
	-	-	-	-

Movements in temporary differences during the year:	1 Jan 2016	Recognised in P&L	Recognised in OCI	31 Dec 2016
Accelerated tax depreciation	(2,728)	(374)	-	(3,102)
Unutilised capitalised allowance	3,891	1,661	-	5,552
Allowances for loan losses	-	2,907	-	2,907
Tax loss carry forward	16,480	206	-	16,686
Employee benefits	2,829	-1,288	-	1,541
Unrecognised deferred tax assets	(20,472)	-3,112	-	(23,584)
	-	-	-	-

25.3 The Bank has unutilised capital allowance of N22.5 billion (2016:N18.5 billion) unused tax losses carried forward of N63.3 billion (2016: N55.6 billion) and deductible temporary differences of N0.4 billion (2016: N4.5 billion) to be offset against future taxable profits. There is no expiry date for the utilisation of these items.

The tax effect on remeasurement gains/(losses) is nil as the deferred tax asset on employee benefit as of 30 June 2017: N1.5 billion and 2016: N1.5 billion is not recognised.

The Bank has been incurring taxable losses primarily because of the tax exemption on income on government securities. The provisions of the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order, 2011 grants exemption to income from bonds and treasury bills from tax for a period of 10 years. The expiry date of the circular will be in the year 2021 and this trend would continue until the expiration of the tax holiday. Thus, the Bank has applied caution by not recognising additional deferred tax which is not considered capable of recovery.

26 Other assets

	30 June 2017 N'million	31 December 2016 N'million
Financial assets		
Sundry receivables	30,238	29,254
Others	3,448	3,404
	33,686	32,658
Non financial assets		
Prepayments	12,338	6,381
Other non financial assets	279	322
	12,617	6,703
	46,303	39,361
Specific allowance for impairment	(2,032)	(1,851)
	44,271	37,510

Reconciliation of allowance for impairment

	30 June 2017 N'million	31 December 2016 N'million
At beginning of the period/ year	1,851	1,382
Charge for the period/ year	181	469
Reversal of provision no longer required	-	-
Write-off during the the period/ year	-	-
At end of the period/ year	2,032	1,851

27 Deposits from customers

Demand	310,645	314,791
Savings	161,101	155,019
Term	182,972	168,599
Domicilliary	102,974	138,670
Others	3,377	15,892
	761,069	792,971
Current	761,069	792,971
Non-current	-	-
	761,069	792,971

28 Other liabilities

Customer deposits for letters of credit	11,014	-
Accounts payable	47,248	34,837
Manager's cheque	3,889	3,704
Provisions period/ year end bonus (see note 28.1)	1,047	1,001
CBN bailout fund (see note 28.2)	108,103	99,991
Provisions for litigations and claims	545	545
Payable on E-banking transactions	12,679	8,929
Payable to staff in respect of Staff gratuity (see note 28.3)	-	5,137
Payable to staff	3	-
Repurchase transaction with Renaisance Capital (see note 28.5)	10,550	-
Other liabilites/credit balances	3,495	5,262
	198,573	159,406

28.1 Movement in Provision for the period/ year end bonus

At 1 January	1,001	1,400
Arising during the period/ year	1,047	1,001
Utilised	-1,001	-1,400
At the end of the period/ year	1,047	1,001

The provision during the period/ year is entirely current.

28.1 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.

28.2 CBN Bailout fund 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 onward transmission 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.

28.3 Movement in Provision for staff payable in respect of staff gratuity

At 1 January	5,137	-
Transfer from Defined benefit obligation	-	5,137
Additional provision during the period/ year	481	-
Set off against loan during the period (see note 28.3(i))	-1,500	-
Paid during the period	-4,118	-
At the end of the period/year	-	5,137

i Included in payable to staff in respect of staff gratuity as at 31 December 2016, is N1.5 billion which was set off against loa availed to the staff of the Bank during the period.

28.5 The amount of N10.550 billion, (Dec 2016 : Nil) represents a $33million dollar borrowing under a repurchase agreement from Renaissance Capital, with Fidelity Bank pledging its USD denominated Eurobond and FGN, which the Bank has the right to buy at a later date.

29 Debts issued and other borrowed funds

	30 June 2017 N'million	31 December 2016 N'million
Long term loan from Proparco Paris (see note 29.1)	9,020	10,151
Long term loan from African Development Bank (ADB) (see note 29.2)	18,836	21,539
European Investment Bank Luxembourg (see note 29.3)	5,094	5,529
Bond issued (see note 29.4)	92,189	92,774
Local Bond issued (see note 29.5)	30,069	29,042
	155,207	159,035

Reconcilation of Borrowings during the period/ year

At 1 January	159,035	124,832
Additions during the period/year	-	40,645
Paid during the	-3,815	-2,502
Interest payable	2,295	2,825
Foreign exchange difference	-2,308	-6,765
At the end of the period/year	155,207	159,035

29.1 The amount of N9.020 billion (31 Dec 2016 : N10.151 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 repayed semi-annually. The borrowing is an unsecured borrowing.

29.2 The amount of N18.836 billion (31 Dec 2016 : N21.539 billion) represents the amortised cost balance in the on-lending facility of $75million granted to the Bank by ADB on 6 October 2014. The first tranche of $40million was disbursed on 6 October 2014 while the second tranche of $35million was disbursed 15 July, 2015 both to mature 6 October 2021 at an interest rate of Libor plus 4.75% per annum. Interest is repaid semi-annually, with principal repayment at maturity.The borrowing is an unsecured borrowing

29.3 The amount of N5.094 billion , (31 Dec 2016 : N5.529 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.

29.4 The amount of N92.187 billion, (31 Dec 2016 : N92.774 billion) represents the amortised cost of a $300 million, 5 year, 6.875% Eurobond issued at 99.48% in May 2013. The principal amount is repayable in May 2018, while the coupon is paid semi annually. The purpose of the debt issuance is to finance foreign currency lending to the Power and Oil sectors of the economy of Nigeria.

29.5 The amount of N30.069 billion, (31 Dec 2016 : N29.042 billion) represents the amortised cost of a N30 billion, 6.5 year, 16.48% Local bond issued at 96.5% in May 2015. The principal amount for the Local bonds is repayable in Nov 2021. The coupon is paid semi annually. The purpose of the Local bond issuance is to finance the SME business of the economy of Nigeria.

30 Share capital

	30 June 2017 N'million	30 June 2016 N'million
Authorised		
32 billion ordinary shares of 50k each (2016: 32 billion ordinary shares)	16,000	16,000
Issued and fully paid		
28,963 million ordinary shares of 50k each (2016: 28,963 million ordinary shares)	14,481	14,481

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

31 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 period, 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.

Available-for-sale reserve

The fair value reserve includes the net cumulative change in the fair value of available-for-sale investments until the investment is derecognised or impaired.

Remeasurement reserve
The remeasurement reserve shows the effect of actuarial gains/losses arising from actuarial valuation of defined benefit plan using projected unit credit method (PUCM). The reserve will be nil at the point where the gratuity and retirement benefit scheme no longer exist.

32 Cash flows from operations

	Audited 30 June 2017 N'million	Unaudited 30 June 2016 N'million
Profit before income tax	10,219	6,131
Adjustments for:		
– Depreciation and amortisation	1,855	2,107
– Losses from disposal of property and equipment	-4	-
– Foreign exchange gains on operating activities	-1,050	-119
– Profit/(loss) from disposal of investment securities		
–Foreign exchange gains/losses on debts issued and other borowed fund	-2,308	24,282
–Foreign exchange gains on loans and advances to customers	-877	-103,317
–Foreign exchange losses on deposits from customers	304	35,788
– Net (gains)/losses from financial assets classified as held for trading	-250	776
– Impairment charge on loans and advances	4,629	5,067
– Impairment charge/(reversal) on other assets	181	-270
– Defined benefit charge	-	5,009
Provision for payable to staff in respect of staff gratuity	481	-
– Dividend income	-800	-32
– Gain on available for sale financial assets reclassified from equity	-19	401
	12,361	-24,177
Changes in operating assets		
– Cash and balances with the Central Bank (restricted cash)	-13,987	-20,935
– Loans and advances to customers	-94,298	-85,918
– Financial assets held for trading	4,018	-5,808
– Other assets	-6,515	-3,692
Changes in operating liabilities		
– Deposits from customers	3,394	48,492
– Other liabilities	52,743	42,491
– Interest payable on debts issued and other borrowed funds	2,295	2,094
Cash flows used in operations	-39,989	-47,453

33 Contingent liabilities and commitments

33.1 Capital commitments

At the reporting date, the Bank had capital commitments amounting to N245,672 million (Dec 2016: N317,751 million)

33.2 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:

	30 June 2017 N'million	30 June 2016 N'million
Performance bonds and guarantees	222,937	169,337
Letters of credit	92,689	44,038
Unsettled transactions	3,691	6,664
	319,316	220,039

Unsettled transation are

33.3 Litigation

As at reporting date, the Bank had several claims against it by parties seeking legal compensation in the sum of N3.92 billion at at 30 June 2017 (31 Dec 2016: N3.96 billion). Based on the estimates of the Bank's legal team and the case facts, the Bank estimates a potential loss of N544.72 million (31 Dec 2016: 544.72 million) upon conclusion of the cases. A provision for the potential loss of N544.72 million is shown in note 28.3. On the other hand, the Bank has outstanding claims against various individuals in the sum of N2.75 billion (31 Dec 2016: N7.63 billion) that are yet to be settled.

34 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.

34.1 Deposits/ Interest expense from related parties

Transactions with related entities

Entity Controlled by Key Management Personnel	Related party	Deposits at 30 Jun 2017	Interest expense 30 Jun 2017	Deposits at 31 Dec 2016	Interest expense 30 Jun 2016
		N	N	N	N
Geoelis and Co Nig Ltd (HM) (DP)	Insider related	-	-	72,267,963	5,772,152
Rosies Textile Mill Ltd	Insider related	-	-	3,382,637	-
Cy Incorporated Nig Ltd (DSRA)	Insider related	265	0	265	-
Equipment Solutions and Logistics Services Limited	Insider related	48,556	10	51,610	-
Ass. Haulages (Nig) Ltd 2	Insider related	-	-	-	-
The Genesis Restaurant Limited	Insider related	68,573,839	2,337	56,225,216	907
Next International	Insider related	-	-	762,638,131	-
Namjid. Com Limited	Insider related	-	-	818,925	30
John Holt Plc	Insider related	33,290,825	-	-	-
Tenderville Ltd	Insider related	127,706	-	-	-
A-Z Petroleum Products Limited	Insider related	8,055,929	-	-	-
Transcorp Power Limited	Insider related	137,154	-	-	-
Tower Aluminium Nigeria Plc	Insider related	46,041,235	352	-	-
Neconde Energy Limited Statutory Obligations Account	Insider related	700,848	-	-	-
SUB-TOTAL		156,976,356	2,699	895,384,748	5,773,088
Transactions with Key Management Personnel	Insider related	757,657,588	6,229,930	757,657,588	6,229,930
SUB-TOTAL		757,657,588	6,229,930	757,657,588	6,229,930
TOTAL		914,633,943	6,232,629	1,653,042,336	12,003,018

34.2 Loans and Advances/ Interest Income from Related parties

Entity Controlled by Key Management Personnel	Related party	Loan amount Outstanding 30 Jun 2017 N	Interest Income 2017 N	Loan amount Outstanding 31 Dec 2016 N	Interest Income 2016 N	Facility Type	Status	Collateral Status
Cy Incorporated Nig Ltd	Mrs. Onome Olaolu (Former Director)	273,763,319.83	1,006,658.30	269,547,033	45,016,735	Finance Lease/Overdraft	Lost	Perfected
Equipment Solutions And Logistics Services Ltd	Mr. Ik Mbagwu	354,191,388.63	132,979.45	397,486,834	35,867,117	Term Loan/Overdraft	Performing	Perfected
The Genesis Restaurant Ltd	Ichie Nnaeto Orazulike	373,494,406.43	3,972,728.01	227,496,672	37,339,930	Term Loan/Overdraft	Performing	Perfected
Genesis Deluxe Cinemas	Ichie Nnaeto Orazulike	261,111,111.15	5,255,997.90	294,444,444	34,292,694	Term Loan	Performing	Perfected
Genesis Hub Ltd	Ichie Nnaeto Orazulike	480,665,212.40	519,866.36	313,704,324	60,351,350	Term Loan/Overdraft	Performing	Perfected
John Holt Plc	Chief Christopher Ezeh	246,004,059.56	3,207,974.39	666,479,020	85,680,637	Term Loan	Performing	Perfected
A-Z Petroleum Products Ltd	Mr. Alex Ojukwu	42,641,076.11	0.00	60,280,870	14,720,324	Term Loan/Overdraft	Performing	Perfected
Congregation Of The Holy Spir	Mrs Aku P. Odinkemelu	0.00	0.00	250,000,000	863,014	Term Loan	Performing	Perfected
Dangote Industries Ltd	Mr. Ernest Ebi	0.00	0.00	35,852,468,769	889,201,634	Term Loan	Performing	Perfected
Tenderville Ltd	Chief Christopher Ezeh	13,261,986.30	231,164.38	15,942,864	2,753,199	Term Loan/Overdraft	Performing	Perfected
Tower Aluminium Nigeria Plc	Otunba Seni Adetu	1,205,099,381.95	14,721,436.85	1,209,603,478	61,653,932	Term Loan/Overdraft	Performing	Perfected
CHIS Stores Limited	Chijioke Ugochukwu	5,486,192.80	149,471.92	7,850,205	2,526,036	Term Loan	Performing	Perfected
Transcorp Ughelli Power Limited	Mr. Stanley Lawson	4,078,666,668.71	32,670,455.25	4,575,000,000	432,952,380	Term Loan	Performing	Perfected
Neconde Energy Limited	Pastor Kings C. Akuma	8,654,206,025.26	79,287,559.43					
SUB-TOTAL		15,988,590,829	141,156,292	44,140,304,513	1,703,218,982			
Okonkwo Nnamdi John	Managing Director	176,387,145	3,078,318	174,295,531	6,415,961	Term Loan	Performing	Perfected
Chijioke Ugochukwu	Executive Director	101,405,438	276,494	96,589,743	3,617,055	Term Loan	Performing	Perfected
Mohammed Balarabe	Executive Director	97,854,363	280,225	106,017,326	3,758,219	Term Loan	Performing	Perfected
Odinkemelu Aku Pauline	Executive Director	135,054,067	388,512	135,054,067	3,537,973	Term Loan	Performing	Perfected
Onyeali - Ikpe Nnekachinwe	Executive Director	8,355,576	-	27,020,000	4,574,144	Term Loan	Performing	Perfected
Adepegba Adeyeye Olawale	Executive Director	32,153,645	91,186	34,339,622	1,216,382	Term Loan	Performing	Perfected
Umar I Yahaya	Non Executive Director	-	-	-	-	Term Loan	Performing	Perfected
Ichie Nnaeto Orazulike	Non Executive Director	20,000,000	-	40,000,000	10,573,413	Term Loan	Performing	Perfected
Kayode Gabriel Olowoniyi	Non Executive Director	652,213	-	1,177,695	156,577	Overdraft	Performing	Perfected
Nnamdi I. Oji	Non Executive Director	3,007,496	-	2,264,461	273,834	Overdraft	Performing	Perfected
Nnana-Kalu Robert Nena	Non Executive Director	-	-	3,192,161	1,714	Overdraft	Performing	Perfected
Bashari M. Gumel	Non Executive Director	4,501	-	-	-	Overdraft	Performing	Perfected
SUB-TOTAL		574,874,443	4,114,736	619,950,606	34,125,273			
TOTAL		**16,563,465,272**	**145,271,028**	**44,760,255,119**	**1,737,344,255**			

Bank Gurantees in favour of Key Management Personnel

34.3

30 June 2017

BENEFICIARY NAME	RELATED ENTITY	NAME OF RELATED BANK DIRECTOR	POSITION IN BANK	AMOUNT (N)
BORKIR INTERNATIONAL COMPANY LIMITED	DANGOTE CEMENT PLC (HEAD OFFICE)	Ebi ERNEST EBI	CHAIRMAN	100,000,000
NATIONAL UNIVERSITIES COMMISSION	CHRISTOPHER EZEH	CHIEF CHRISTOPHER EZEH	FORMER CHAIRMAI	200,000,000
NATIONAL UNIVERSITIES COMMISSION (NUC)	CONGREGATION OF THE HOLY SPIRIT (SPIR	ICHIE NNAETO ORAZULIKE/MRS. PAULI	DIRECTOR	200,000,000
NATIONAL UNIVERSITIES COMMISSION (NUC)	CONGREGATION OF THE HOLY SPIRIT (SPIR	ICHIE NNAETO ORAZULIKE/MRS. PAULI	DIRECTOR	200,000,000
UNITED INTERNATIONAL PIC (SOUTH AFRICA)	GENESIS DELUXE CINEMAS	ICHIE NNAETO ORAZULIKE	DIRECTOR	34,160,000
				734,160,000

31 December 2016

BENEFICIARY NAME	RELATED ENTITY	NAME OF RELATED BANK DIRECTOR	POSITION IN BANK	AMOUNT (N)
BORKIR INTERNATIONAL COMPANY LIMITED	DANGOTE CEMENT PLC (HEAD OFFICE)	Ebi ERNEST EBI	CHAIRMAN	100,000,000
NATIONAL UNIVERSITIES COMMISSION	CHRISTOPHER EZEH	CHIEF CHRISTOPHER EZEH	FORMER CHAIRMAI	200,000,000
NATIONAL UNIVERSITIES COMMISSION (NUC)	CONGREGATION OF THE HOLY SPIRIT (SPIR	ICHIE NNAETO ORAZULIKE/MRS. PAULI	DIRECTOR	200,000,000
NATIONAL UNIVERSITIES COMMISSION (NUC)	CONGREGATION OF THE HOLY SPIRIT (SPIR	ICHIE NNAETO ORAZULIKE/MRS. PAULI	DIRECTOR	200,000,000
DELTA MALL DEV CO.	GENESIS DELUXE CINEMAS	ICHIE NNAETO ORAZULIKE	DIRECTOR	36,780
CEDDI CORPORATION LTD	GENESIS DELUXE CINEMAS	ICHIE NNAETO ORAZULIKE	DIRECTOR	54,320
BOI	GENESIS DELUXE CINEMAS	ICHIE NNAETO ORAZULIKE	DIRECTOR	250,000,000
FLOUR MILLS OF NIG. PLC	THE GENESIS RESTAURANT LIMITED	ICHIE NNAETO ORAZULIKE	DIRECTOR	25,000,000
HONEYWELL FLOUR MILLS PLC	THE GENESIS RESTAURANT LIMITED	ICHIE NNAETO ORAZULIKE	DIRECTOR	25,000,000
CROWN FLOUR MILLS LTD	THE GENESIS RESTAURANT LIMITED	ICHIE NNAETO ORAZULIKE	DIRECTOR	50,000,000
BANK OF INDUSTRY	TOWER ALUMINIUM NIGERIA PLC	OTUNBA SENI ADETU	DIRECTOR	2,981,487,000
UNITED INTERNATIONAL PIC (SOUTH AFRICA)	GENESIS DELUXE CINEMAS	ICHIE NNAETO ORAZULIKE	DIRECTOR	34,160,000
				4,065,738,100

34.4 Key management compensation

	30 June 2017 N'million	31 December 2016 N'million
Salaries and other short-term employee benefits (Executive directors only)	282	273
Pension cost	-	10
Post-employment benefits paid- Gratuity	-	85
Post-employment benefits paid- Retirement	-	296
Other employment benefits paid	392	376
	674	1,040

35 Employees

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

	Number 30 June 2017	Number 31 December 2016
Executive directors	6	6
Management	461	497
Non-management	2,800	2,917
	3,267	3,420

The number of employees of the Bank, other than directors, who received emoluments in the following ranges (excluding pension contribtionss and certain benefits) were:

	Number 30 June 2017	Number 31 December 2016
N300,000 - N2,000,000	111	116
N2,000,001 - N2,800,000	443	453
N2,800,001 - N3,500,000	691	771
N3,500,001 - N6,500,000	923	923
N6,500,001 - N7,800,000	337	373
N7,800,001 - N10,000,000	432	450
N10,000,001 and above	330	334
	3,267	3,420

36 Directors' emoluments

Remuneration paid to the Bank's executive and non-executive directors (excluding certain allowances) was:	Number 30 June 2017 N'million	Number 31 December 2016 N'million
Fees and sitting allowances	51	78
Executive compensation	179	273
Other director expenses	52	113
	282	464

Fees and other emoluments disclosed above include amounts paid to:

Chairman	15	18
Highest paid director	50	102

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

	Number 2017	Number 2016
Below N1,000,000	-	-
N1,000,000 - N2,000,000	-	-
N2,000,001 - N3,000,000	-	-
N5,500,001 - and above	15	15
	15	15

37 Compliance with banking regulations

37.1 The Directors are of the opinion that the financial statements of the Bank is in compliance with the Bank and Other Financial Institutions act, 2012 CAP B3 LFN 2004 and all relevant CBN circulars, except for the contraventions below which attracted penalties during the period.

	Fine/Penalties	
	30 June 2017	**31 December 2016**
Nature of Contravention	**(N'000)**	**(N'000)**
CBN-Penalty imposed on Bank-Multiple Account to a BVN	40,000	-
Fidelity Penalty for untimely & Non rendition of STRS	10,000	-
CBN Penalties imposed on the Bank	4,000	-
CBN fine imposed on Bank in respect of KYC Non-Compliance	2,000	-
SEC Penalty-Late Submission of Annual Financial Report	1,225	-
Penalty Late Payment and Account default Of Bank A/Acct 2016 FYE	700	-
Penalty for operation of surrogate account	-	74,000
Penalty for international money transfer issues	-	60,000
Penalty for contravening Policy Circulars	-	12,000
CBN-Commencing branch operations without approval	-	12,000
Penalty on FOREX related issues	-	8,000
Penalty on Risk Assessment Report issues	-	4,000
Penalty in respect of dismissed staff template	-	4,000
Penalty payment on CBN FINA returns	-	475
Penalty in respect of NOTAP issues	-	150
	57,925	174,625

37.2 In line with circular FDR/DIR/CIR/GEN/01/020, the returns on customers' complaints for the period ended 30 June 2017 is set as below:

S/N	DESCRIPTION	NUMBER		AMOUNT CLAIMED		AMOUNT REFUNDED	
		2017	2016	2017[Million]	2016[Million]	2017[Million]	2016[Million]
1	Pending complaints b/f	48	45	1,320	876	N/A	N/A
2	Received complaints	538	865	6,003	2,204	N/A	N/A
3	Resolved complaints	511	862	3,344	1,760	244	382
4	Unresolved complaints escalated to CBN for intervention	-	-	-	-	N/A	N/A
5	Unresolved complaints pending with the Bank c/f	75	48	2,659	1,320	N/A	N/A

37.3 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 period ended 30 June 2017

38 Gender Diversity

June 2017

	WOMEN		MEN		TOTAL
	Number	%	Number	%	
Board Members	3	21%	11	79%	14
Management staff (AGM & Above)	8	19%	34	81%	42
Total	11		-		14

December 2016	WOMEN		MEN		TOTAL
	Number	%	Number	%	
Board Members	3	21%	11	79%	14
Management staff (AGM & Above)	11	23%	36	77%	47
Total	14		47		61

39 Statement of prudential adjustments

Transfer to regulatory risk reserve

The regulatory body Central Bank of Nigeria (CBN) and the Nigerian Deposit Insurance Commission (NDIC) stipulates that provisions recognized in the profit or loss account shall be determined based on the requirements of IFRS (International Financial Reporting Standards). The IFRS provisions should be compared with provisions determined under prudential guidelines and the expected impact/changes in retained earnings should be treated as follows:

(i) Prudential Provisions is greater than IFRS provisions; transfer the difference from the retained earnings to a non-distributable regulatory reserve.

(ii) Prudential Provisions is less than IFRS provisions; the excess charges resulting should be transferred from the regulatory reserve account to the retained earnings to the extent of the non-distributable regulatory reserve previously recognized.

	30 June 2017	**31 December 2016**
	N'million	**N'million**
Transfer to regulatory reserve		
Prudential provision:		
Specific provision	29,522	19,184
General provision	13,221	21,806
Provision for other assets	2,032	1,851
Provision for litigations and claims	545	545
Provision for investments	408	408
Total prudential provision (A)	45,728	43,794
IFRS provision:		
Specific impairment (see note 21)	22,529	15,027
Collective impairment (see note 21)	6,603	9,692
Provision for other assets (see note 26)	2,032	1,851
Provision for litigations and claims (see note 28.3)	545	545
Provision for investments (see note 22.2)	408	408
Total IFRS provision (B)	32,117	27,523
Non-distributable regulatory reserve	13,611	16,271

40 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 30 June 2017

ASSETS	Maturing within 12 months N'million	Maturing after 12 months N'million	Total N'million
Cash and balances with central bank	44,583	183,655	228,238
Due from banks	48,278	-	48,278
Loans and advances to customers	353,579	366,584	720,163
Investments:	-	-	-
Held for trading (fair value through profit o	10,109	4,221	14,330
Available for sale	54,981	26,223	81,204
Held to maturity	36,373	89,257	125,630
Other assets	20,768	11,717	32,485
Property, plant and equipment	-	39,732	39,732
Intangible assets	-	839	839
TOTAL ASSETS	**568,673**	**722,228**	**1,290,899**

LIABILITIES			
Deposits from customers	526,188	234,881	761,069
Current income tax liability	1,514	-	1,514
Other liabilities	51,391	146,068	197,459
Debts issued and other borrowed funds	91,540	63,731	155,271
TOTAL LIABILITIES	**670,634**	**444,680**	**1,115,314**

As at 31 December 2016

ASSETS	Maturing within 12 months N'million	Maturing after 12 months N'million	Total N'million
Cash and balances with central bank	207,061	-	207,061
Due from banks	49,200	-	49,200
Loans and advances to customers	248,889	469,512	718,401
Investments:			-
Held for trading (fair value through profit o	13,258	4,840	18,098
Available for sale	72,605	15,981	88,586
Held to maturity	67,500	70,634	138,134
Other assets	13,653	23,857	37,510
Property, plant and equipment	-	40,356	40,356
Intangible assets	27	768	795
TOTAL ASSETS	**672,192**	**625,948**	**1,298,140**

LIABILITIES	Maturing within 12 months N'million	Maturing after 12 months N'million	Total N'million
Deposits from customers	573,088	219,883	792,971
Current income tax liability	1,327	-	1,327
Other liabilities	73,583	85,823	159,406
Debts issued and other borrowed funds	-	159,035	159,035
TOTAL LIABILITIES	**647,998**	**464,741**	**1,112,739**

41 EVENTS AFTER REPORTING PERIOD

The bank has a $300m Eurobond maturing in May 2018. The management of the bank has disclosed that it will issue a statement by September 30, 2017 stating which of the following options it will adopt for the Eurobond; redemption of the bonds, refinancing of the bond or issuing a new bond. However in the interim the bank has set-up a sinking fund towards the repayment of the Eurobond if it decides to redeem the existing bonds

FIDELITY BANK PLC

STATEMENT OF VALUE ADDED
FOR THE PERIOD ENDED 30 JUNE 2017

	30 June 2017 N'million	%	30 June 2016 N'million	%
Interest and similar income	72,853		57,006	
Interest and similar expense	-38,153		-25,775	
	34,700		31,231	
Administrative overheads				
-Local	-2,687		-1,593	
Value added	**32,013**	**100**	**29,638**	**100**
Distribution				
Employees:				
Salaries and benefits	11,074	35	12,030	41
Government:				
-Income tax	1,081	3	552	2
-IT levy	102	-	61	-
The future:				
-Dividend paid during the period	4,055	13	4,634	16
-Asset replacement (depreciation and amortisation)	1,855	6	2,107	7
-Asset replacement (provision for losses)	4,810	14	4,797	15
-Expansion (transfers to reserves)	9,036	28	5,457	19
	32,013	**100**	**29,638**	**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.

FIDELITY BANK PLC

FIVE - PERIOD/YEAR FINANCIAL SUMMARY

Financial Position As at	**30 June 2017 N'million**	**31 December 2016 N'million**	**31 December 2015 N'million**	**31 December 2014 N'million**	**31 December 2013 N'million**
Assets:					
Cash and balances with central bank	228,238	207,061	185,332	258,131	207,834
Due from other banks	48,278	49,200	79,942	68,735	80,875
Loans and advances to customers	720,163	718,401	578,203	541,686	426,076
Investments:					
Held for trading (Fair value through P or L)	14,330	18,098	4,070	83,363	254,909
Available for sale	87,221	88,586	116,607	90,864	21,041
Held to maturity	125,630	138,134	180,736	69,526	45,104
Property, plant and equipment	39,732	40,356	39,985	37,958	37,470
Intangible assets	839	795	945	506	-
Other assets	44,271	37,510	45,902	36,256	7,908
	1,308,702	**1,298,141**	**1,231,722**	**1,187,025**	**1,081,217**
Financed by:					
Liabilities					
Customer deposits	761,069	792,971	769,636	820,034	806,320
Current income tax payable	1,514	1,327	2,332	1,719	1,307
Deferred income tax liabilities	-	-	-	1,410	1,955
Other liabilities	198,573	159,406	124,832	66,230	30,286
Debts issued and other borrowed funds	155,207	159,035	141,975	117,541	70,328
Retirement benefit obligations	-	-	9,431	6,980	7,566
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
Statutory reserve	25,831	24,476	23,016	20,930	18,861
Retained earnings	32,203	25,918	8,797	11,721	9,118
Small scale industries reserve	764	764	764	764	764
Non-distributable regulatory reserve	13,611	16,271	33,480	23,950	18,884
AFS/ Remeasurement reserve	4,177	2,220	1,706	-7	75
	1,308,702	**1,298,141**	**1,231,722**	**1,187,025**	**1,081,217**

FIDELITY BANK PLC

FINANCIAL SUMMARY-continued

Statement of Profit or loss and Other Comprehensive Income For the period ended	**Audited 30 June 2017**	**Unaudited 30 June 2016**	**Audited 31 December 2015**	**Audited 31 December 2014**	**Audited 31 December 2013**
	N'million	**N'million**	**N'million**	**N'million**	**N'million**
Operating income					
Net interest income	34,700	31,231	60,864	48,826	30,812
Impairment charge for credit losses	(4,810)	(4,797)	(5,764)	(4,306)	(8,140)
Net interest income after impairment charge for credit losses	29,890	26,434	55,100	44,520	22,672
Commission and other operating income	11,230	11,155	25,442	28,094	40,661
Other operating expenses	(30,901)	(31,458)	(66,518)	(57,099)	(54,305)
Profit before income tax	10,219	6,131	14,024	15,515	9,028
Income tax expense	(1,183)	(674)	(120)	-1,719	(1,307)
Profit after tax	**9,036**	**5,457**	**13,904**	**12,498**	**7,721**
Other comprehensive income	1,976	(1,702)	1,713	(82)	363
Total comprehensive income for the period/year	**11,012**	**3,755**	**15,617**	**12,416**	**8,084**
Per share data in kobo:					
Earnings per share (basic & diluted)	**31k**	**19k**	**48k**	**48k**	**27k**
Net assets per share	**664k**	**640k**	**636k**	**598k**	**564k**

Note:

The earnings per share have been computed on the basis of the profit after tax and the number of issued shares as at period end.

Net assets per share have been computed based on the net assets and the number of issued shares at period end.