FIDELITY

Fidelity Bank Plc

with you in every step

annual report & accounts 2011

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Notice Of The Twenty Fourth Annual General Meeting

Notice is hereby given that the Twenty Fourth Annual General Meeting of Fidelity Bank Plc. will be held at the Iris & Jasmine Hall, Eko Hotel and Suites, Adetokunbo Ademola Street, Victoria Island, Lagos on Thursday the 17th of May, 2012 at 11.00 a.m. for the purpose of transacting the following business:

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended December 31, 2011 and the Reports of the Directors, Joint Auditors and Audit Committee thereon.
2. To declare a dividend.
3. To elect/re-elect Directors.
4. To approve the remuneration of Directors.
5. To authorize the Directors to fix the remuneration of the Joint Auditors.
6. To elect members to the Audit Committee.

PROXY

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy form is attached. The proxy need not be a member of the Company. To be valid, a completed and duly stamped proxy form must be deposited at the office of the Registrar, First Registrars Nigeria Limited, Plot 2, Abebe Village Road, Iganmu, Lagos no later than 48 hours before the time fixed for the meeting.

NOTES

(A) DIVIDEND

If the proposed dividend of 14 kobo per share is approved, dividend warrants will be posted on May 23, 2012 to shareholders whose names appear in the Register of Members at the close of business on April 26, 2012.

(B) CLOSURE OF REGISTER OF MEMBERS

The Register of Members and Transfer Books of the Company will be closed from April 27th – 3rd May, 2012 both days inclusive to enable the Registrars prepare for dividend payment.

(C) AUDIT COMMITTEE

As stipulated by Section 359 (5) of the Companies and Allied Matters Act 1990, any member may nominate a Shareholder for election to the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 days before the Annual General Meeting.

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

By Order of the Board.

CHIJIOKE UGOCHUKWU
Company Secretary
2, Kofo Abayomi Street
Victoria Island
Lagos.

Dated this 4th day of April, 2012.

Corporate Information

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Tel: +234 1 4485252; 2700530-3
Fax: 234 1 2610414
e-mail: info@fidelitybankplc.com
www.fidelitybankplc.com

Joint Auditors:
Ernst & Young
2A, Bayo Kuku Road, Ikoyi, Lagos.

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

Correspondent Banks:
- ABSA Bank, Johannesburg, South Africa
- African Export Import Bank, Cairo, Egypt
- Citibank N.A. London & New York
- Commerz Bank, Frankfurt
Deutsche Bank
- FBN Bank UK
- HSBC, South Africa
Standard Chartered, UK

Vision

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

Mission

To make financial services easy and accessible to our customers

Our Shared Values -

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

Chairman's Statement

on the Macroeconomic Environment in 2011

Distinguished Shareholders, it gives me great pleasure to extend to you all a very warm welcome and to say that your bank has stood firm in a period that has seen tough macroeconomic conditions. As you are aware, the last financial year had its fair dose of opportunities and challenges. With all sense of humility, I would like to take you through key events that transpired within the global and domestic business environment in 2011 in an effort to provide insights into the business and regulatory environments that shaped the performance of our bank during the period under review.

THE GLOBAL ECONOMY

The world economy in 2011, like other years since the global financial crisis in 2008, witnessed an admixture of increased financial regulation, fiscal contraction and several other adverse developments. From the earthquake and tsunami in Japan to the political gridlock in the United States of America (USA) due to increasing debt profile; from loss of market confidence induced by the Euro zone debt crisis to the Arab Spring that consumed the political leadership of some North African countries, including President Gaddafi of Libya, the year 2011 handed leaders in governments and organisations in private and public sectors a fair dose of challenges and opportunities. Despite these challenges, emerging and frontier economies like China, India and Nigeria remained very strong on the growth charge.

During the year 2011, there were heightened fears on both sides of the Atlantic that the Euro zone may break up or plunge into recession on account of the inability of European Central Bank (ECB) and politicians to resolve the debt crisis that engulfed some of its member states particularly Portugal, Italy, Greece and Spain (PIGS). The contagion left a devastating effect on global financial markets, and touched the very foundation and continued existence of the Euro zone. The Rating Agencies remained sceptical over plans to resolve the Euro debt crisis. Standard and Poors (S&P) threatened to downgrade some of the sovereigns in Europe and the European Financial Stability Facility. It initially placed 15 Euro countries on credit watch and subsequently stripped France and Austria of their AAA Rating. It also lowered Cyprus, Italy, Portugal and Spain ratings by two notches and those of Malta, Slovakia and Slovenia by one. In their words, Fitch Ratings said that a comprehensive solution to the Euro zone crisis seems technically and politically beyond reach.

The fears were further worsened by Euro governments' inability to stimulate aggregate domestic demand or increase export. General unemployment rate remained at record levels in most western economies throughout 2011. Unemployment averaged 10.4% in the Euro zone.

By end of 2011, Spain's unemployment rate rose from 21.5% in the third quarter to 22.9%, the highest in 15 years. Greece and Spain led the Euro nations with highest unemployment rate with 21% and 22.9% respectively. In a bid to contain the debt challenge, prevent the collapse of the economy of its debt ridden members and avoid a potential financial catastrophe of global dimension, the European Central Bank (ECB) initiated a rescue package worth £750 billion under the European Financial Stability Facility (EFSF) which was later raised to £1 trillion. It also compelled banks to accept a 53.5% write down on their holding in Greek debts worth $485 billion by end of June 2011. This impacted on the capital adequacy level of European banks and made it even more difficult to meet a new Core Tier 1 Capital requirement set by the European Banking Authority that is expected to come into effect in 2012.

Towards the end of 2011, the United Kingdom (UK) refused to sign a new EU treaty that would impose strict budget and debt rules on, not only the Euro zone member states, but also the other non-Euro zone members in the European Union (EU). The argument pushed forward by the British Prime Minister was that the UK would need guarantees that would protect its financial services sector, which controls about one-tenth of the UK's economy.

China, the second largest economy in the world remained indecisive on the extent of the role it would play in helping to bring out the Euro zone from the brinks. Many analysts argued that Beijing's assistance to the EU is symbiotic because, according to European Commission, China is EU's second largest trade partner behind USA and its biggest source of import. In all, Europe's economic recovery crawled in 2011 compared to other continents including Africa, Asia and the Americas. According to statistics from the European Commission, compared to 2010 Gross Domestic Product (GDP) growth rate of 2%, growth in Europe dropped to 1.5% in 2011 while the Euro zone dropped from 1.9% in 2010 to 1.5%. This affected the growth of Germany which dropped from 3.7% to 3%, UK, 2.1% to 0.7% between 2010 and 2011. On the other hand France grew from 1.5% to 1.7% while Spain grew from -0.1% 0.7%.

Federal Government fiscal consolidation and a more accommodating monetary policy target set for the year got a boost with the reappointment of Dr. (Mrs.) Ngozi Okonjo-Iweala as the Minister of Finance and Coordinating Minister of the Economy.

The struggle for favourable terms of trade by countries continued as most export dependent countries engaged in subtle currency devaluation and policy rate adjustment as a panacea for dwindling export. China remained the main culprit as it used its huge foreign reserves in buying dollar assets, thus driving up the value of dollar and keeping its currency low. Japan also, in a measure designed to jolt export and reflate its earthquake ridden economy, dropped its benchmark rate to near 0%. Early in the year, the Japanese economy which was already weighed down by years of stagnant growth and low consumer spending, witnessed a tsunami which disrupted manufacturing and consequently shrank the economy in the first and second quarters beyond analyst projections. Throughout the year, the Japanese economy remained fragile with growth dropping by -1.8% in Q1 and -0.3% in Q2. Though recovery looked underway in Q3 when the economy grew by 1.7%, on account of improving export and domestic consumption, it however plummeted again by -0.2% in the last quarter of 2011.

In the United States, the fear of another recession in the global economy with potential impact on global financial markets was heightened when the business of governance was almost paralyzed as political logjam between Republicans and Democrats delayed agreement to raise the public debt ceiling in order to provide the legal backing to expand borrowing to finance fiscal operations. Consequently, Standard & Poors (S&P) downgraded the U.S.'s AAA credit rating for the first time, blaming the nation's political class for failing to cut government spending or raise revenue enough to reduce record budget deficits. The eventual resolution of the political gridlock helped to stabilize frayed nerves. GDP grew by 0.4% in Q1 2011, 1.3% in Q2 2011 and 2.5% in Q3 of 2011. Unemployment however remained a major challenge at 8.5% by December 2011, though trending downwards from 9% at the end of Q3 2011 and 8.7% in November 2011. According to Bloomberg, unemployment benefit claims climbed up by 11,000 to 428,000 in the week ended Sep 10, 2011.

Similar to advanced economies, emerging and developing economies faced some policy and economic challenges as the attendant effect of dwindling export demands, unstable oil price and drop in foreign direct investment (FDI) slowed growth in most economies. The BRIC (Brazil, Russia, India, and China) economies witnessed unstable quarter-on-quarter GDP growth which averaged 5.3% at the end of year 2011. Except for Russia that grew by 4.8% in 2011 compared to 3.4% in 2010, economic growth in other BRIC countries declined year-on-year. For instance, China only grew by 8.9% in 2011 from the 9.1% figure recorded in the previous year. More worrisome was Brazil's continued slack as a high rate GDP growth economy. Like the BRIC, inflationary pressure in addition to unstable exchange rate posed the greatest policy challenges to the regulatory authorities of most African countries.

Aside from the pass-through effect of globalization on developing economies, the configuration of Africa's economy makes it susceptible to happenings in the international financial space. Most African countries in 2011 battled to subdue inflation while they remained keen to reducing fiscal dependency on primary industries. The economy of North Africa came to a standstill as the contentious public protests, which started in Tunisia over the longevity of political office holders fostered the removal of the ruling faction from government. The few weeks of peaceful demonstrations which later degenerated into a hostile confrontation between the government and oppositions, particularly in the case of Libya, stalled business activities in the region and sent crude oil prices above World Bank estimated price of $103.2 per barrel. According to Bloomberg, crude oil price at the international market ranged from $103.4 per barrel to $130.1 per barrel between April and December 2011. In Sub-Saharan Africa, provisional data shows that the aggregate growth figure fell marginally from 5.4% in 2010 to 5.2% against the background of declining capital inflows and the volatility in commodity prices experienced throughout the year. South Africa recorded muted growth in key sectors that saw the worst of global recession as a result of high level exposure of its financial market to the global financial marketplace.

THE DOMESTIC ECONOMY

The Nigerian economy in 2011 started on a promising note with peaceful political campaigns, ushering in a general election that saw the emergence of Goodluck Jonathan as the President of the Federal Republic of Nigeria. The election was adjudged near-free and fair by most international and local observers and it was believed to have set a new standard for future electoral processes in the country. Like the past election years, business activities and policy thrusts by regulators were, to a large extent, shaped by political activities and the outcome of the general election. As expected, the Federal Government's fiscal operation came under pressure from election spends resulting in an appropriation budget of additional N87.7 billion meant for voter's registration and the conduct of general election. This was outside the N52.2 billion initially budgeted for Independent National Electoral Commission (INEC) as contained in the 2011 Federal Government Budget.

The provisional data provided by the National Bureau of Statistics (NBoS) indicates that the economy grew by 7.36% in 2011 as against 7.98% recorded in the previous year. In spite of the dip, the growth is considered robust enough and accounted for largely by the non-oil sector. The oil sector continued to dominate the Federal Government revenue purse as it contributed about 80% of the total federally collected revenue of of N11,087 billion for the calendar year 2011. On a scale of performance, the Federal Government surpassed its revenue targets set for 2011 fiscal year particularly on account of the peace achieved in Niger Delta Region through the Amnesty Programme. Crude oil production averaged 2.4mbpd against 2.3mbpd benchmark target contained in the Medium-term Expenditure Framework and Fiscal Strategy Paper, while total revenue was 21.1% above projection.

The Nigerian capital market suffered from the twin effect of the Euro-zone crisis that triggered a selling spree amongst European Investors, and the bearish approach adopted by other foreign investors as they became edgy over the possible outcome of the general elections in Nigeria. The data released by the Nigerian Stock Exchange (NSE) indicates that strong confidence returned to the domestic bourse after the presidential election as the growth in All-Share Index erased previous losses to settle at 25,995.62 by June 02, 2011. The debt crisis in Euro-zone frustrated further growth which forced the index to close the year at 20,730.63. The Bond market was hyperactive all through the year as the Federal Government continuously issued bonds in the domestic market as well as its single successful issue in the international market. As at December 2011, a total of N761.27 billion in bonds had been issued by the Federal Government in addition to $USD 500 million Eurobonds which was about 147% over subscribed amounting to $USD 1,237 million total subscription.

Federal Government fiscal consolidation and a more accommodating monetary policy target set for the year got a boost with the reappointment of Dr. (Mrs.) Ngozi Okonjo-Iweala as the Minister of Finance and Coordinating Minister of the Economy. Reflective of the achievements in this regard was the review of Nigeria's credit rating by Standard & Poors from stable to positive outlook, which improved confidence in the Nigerian economy and its investment offerings. The Nigerian productive sector, notwithstanding the decay in infrastructure, enjoyed patronage especially in the later part of the year. Chinese, Indian, Russian, and South African investors consolidated their investment holdings in the Oil & Gas Sector, Telecoms, Infrastructure Development and other key sectors of the economy.

Diaspora remittances got a boost in 2011 as compared to 2010. According to a report published by the World Bank titled ***Outlook for Remittance Flows for 2012-14***, Nigerians living abroad were estimated to have remitted home about $11 billion in 2011 (against $10 billion figure in 2010), the highest in Africa and the seventh largest in the world.

THE FINANCIAL MARKET

During the year, the Central Bank of Nigeria (CBN) was very active in the financial market as the year saw more policy thrusts (than ever recorded in prior years) from the apex bank targeted at price and foreign exchange stability. For the first time since early 2008, inflation rate touched single digit in July and August 2011, to reflect the impact of several policy measures adopted by the CBN. However, headline inflation rate averaged 10.9% in 2011, reaching its highest level of 12.8% in March 2011 on account of increasing fiscal expenditure, worsening global food and energy crisis and the liquidity injection through the activity of Asset Management Corporation of Nigeria (AMCON). Policy changes by Nigeria's top trade partners, especially as it relates to commercial bank reserve ratios and lending rates, took a toll on Nigeria's general price level. For instance, the series of upward reviews of reserve ratio and benchmark interest rate in China increased the price of its consumer goods and exposed our domestic economy to imported inflation.

Throughout the year, the Monetary Policy Committee (MPC) maintained a strong disposition for higher Monetary Policy Rate (MPR) except at its November 2011 meeting when MPR was retained at 12.0%. The committee held a total of seven meetings including an extraordinary meeting on October 10th, 2011 that saw policy rate raised by 275 basis points from 9.25% to 12.00%. Constant raise in the MPR not only triggered spikes in inter-bank rates and huge reallocation of investments from the capital market to the money market, it also helped to contain the rise in inflation rate.

The Nigerian Inter-bank Market was relatively volatile, rising most of the times during the year. Compared to year 2010, the market witnessed buoyed interest especially from Deposit Money Banks (DMBs) and

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discount houses that translated to higher rate across maturities. Activity in the market picked up in September after the nationalization of Bank PHB, Spring Bank and Afribank, and rates (including Nigerian Inter-bank Offer Rate (NIBOR), Call and NIBOR 30-day), were sustained above 10.0% in the period to December 2011. This was the longest sustained rate rise within the double digit mark since 2008.

The Central Bank of Nigeria (CBN) deepened the credit market with the creation of fresh intervention funds that included Rice, Sugar, Entertainment, Mortgage Intervention Funds etc. amounting to about N410.6 billion. The funds provided the strongest avenue through which the apex bank could stimulate lending and keep banks' borrowing rates competitive. In a report published by the CBN, between August and November 2011, banks' total credit to the private sector moderated downward by 3.5% while in the same period, utilization of intervention funds spiked by 222.6%, from N838.6 million to N2,705.2 million. This is believed to have opened a new vista in the domestic credit market of the Nigerian economy and will continue to redefine the dynamics of the market in future.

FINANCIAL PERFORMANCE

Our bank's financial result shows outstanding growth in Deposits, Gross Earnings and Loan Portfolio which demonstrates our strong financial health and capacity to create wealth for our stakeholders. Profit Before Tax (PBT) was N7.67 billion. In recognition of this performance and in keeping with our promise, our bank has recommended a dividend of 14k per ordinary share of 50k each which translates to total dividend payout of N4.05 billion. These improvements across major operating parameters are remarkable considering that the Nigerian Banking Industry is in transition from a financial crisis that rocked the very foundation of the financial system and the Nigerian economy.

APPRECIATION

Our management and staff deserve the entire accolade for guiding our bank through various industry developments and consistently delivering our promise to the different markets we serve. Special gratitude goes to you, our valued shareholders, for your faith in our institution and belief in its capability to become a bank to reckon with.

The greatest commendation goes to our customers for their unalloyed support throughout our 24 years of existence. We are humbled by your loyalty and we promise to serve you continually with that ferventness you have known throughout the years.

Thank you.

God bless you all.

CHIEF (DR.) CHRISTOPHER I. EZEH, MFR
Chairman

Chief Executive Officer's

DISCUSSION ON BUSINESS OPERATIONS AND PERFORMANCE

My Dear Shareholders, Fellow Directors, Colleagues and our Valued Customers, I am pleased to welcome you to this Annual General Meeting of Fidelity Bank Plc and to present the score card of our operations for the Financial Year Ended December 31, 2011. The year was characterized by events in the global and domestic economies which shaped our performance.

In spite of the challenges presented by the domestic macroeconomic conditions including a fragile banking industry that is recovering from crisis, a macroeconomic environment that was constrained by general elections and its attendant social tensions, and a tightened monetary policy regime, our financial performance shows remarkable growth in major operating indices and gives an indication of the unleashed potentials resident in our bank to create wealth for our shareholders. It is on this note, that I present to you a review of the key activities of our bank for the Financial Year Ended (FYE) December 31, 2011.

1. GROWING THE PRODUCTIVE SECTOR OF OUR ECONOMY

During the year, we strengthened and increased our share of Corporate Business through several initiatives riding on our new branches, and technology based products and services. These initiatives helped this category of customers to get closer to their Distributors and Value-chains and offer them appropriate Payment and Collection solutions. We were able to enlarge our General Business and Loan portfolio in the following sectors: Telecommunications, Power & Infrastructure, Oil & Gas, Processed Foods, Drinks and Agriculture. We are pleased with the level of interest shown by our customers in making investments in Production and Capital facilities in these six sectors. We expect this to result in demand for various forms of financing for Working Capital and longer term facilities in the future.

Part of the recognition of our efforts in the funding of the Telecommunications sector came as an award from Euromoney Project Finance, United Kingdom (UK) for the syndicated loan deal for Etisalat which was adjudged the Biggest Telecoms Deal in Africa in 2011. The Bank also moved to become MTN's No. 1 Revenue Collection Bank by the end of the year. This position gives Fidelity a strong platform to participate in MTN's Revenue Cycle, including its Contractor and Distributor networks and value chains.

We have maintained our standing in the financing of pioneer Power and Infrastructure projects through the completion of the N2.45 billion 10MW power plant in Marina, Lagos for Island Power Limited and the syndicated N20.8 billion 128km Natural Gas Pipeline Project for East Horizon Gas Limited. Our pipeline projects include the financing of the N2.2 billion construction of a Compressed Natural Gas Plant by Gas Network services Limited and N1.8 billion construction of the 40,000litre/day chlorine and bleach plant for Water Treatment Technology and Chemical Company Ltd. We expect the ongoing Power Sector Reforms, and the policy clarifications that will result from the passage of the Petroleum Industry Bill (PIB) to increase both Opportunities and Investor interest in the Oil and Gas and Electricity Sectors. Our bank has both the Capital and Liquidity to exploit these opportunities.

As the country pursues its import substitution policy, we have also been dedicated in sponsoring and supporting production expansion in Foods, Canning and Shopping Malls. During the year under review, among other transactions, we financed the production line expansion of N1.0 billion for Ranona Foods, a branded non-alcoholic drinks producer, and the N4.5 billion expansion project for GZ Industries Limited, the largest producer of Aluminum Cans in Sub-Saharan Africa. We are working closely with the Largest Mall developer in Nigeria to convert strong local demand for modern Shopping Malls and a new shopping experience.

As a bank, we believe in the Nigerian economy and its capacity to become one of the 20 Biggest Economies by 2020. We expect that as the macroeconomic conditions improve in the years ahead, our bank will be better placed to continue our support to the critical sectors of the economy while creating long term value for all our stakeholders.

2. EXPANDING OUR RETAIL BUSINESS

In October 2011, the population of the world was estimated to have reached the 7 billion mark, bringing Nigeria's population estimate to 167 million people. This makes Nigeria the most populous African Nation with 2.4% of the World population. This population size and natural resources combine to present varied opportunities for economic growth and demand for banking services across various population categories. Our Branch expansion program reflects these opportunity clusters. In the year 2011, we added 18 new branches at target locations based on our footprint expansion strategy. The total branch network increased from 172 in 2010 to 185 as at December 2011. This measured growth in distribution points increased our capacity to distribute appropriate branded products and services as well as strengthen the linkage effects with our existing business offices which has huge implication for non interest based income. During the year, we grew our customer count by 23.1% to 1.6 million from 1.3 million in 2010. The impact was also seen in the 78.2% growth in our demand deposits to N289.78 billion as at December 31 2011 from N162.61 billion in 2010. Similarly, Savings Deposits grew by 42.2% to N56.7 billion from N39.86 billion. The deposit mix was 76% in favour of sustainable low cost deposits.

3. CUSTOMER SERVICE AND TECHNOLOGY INITIATIVES

As we continue in the journey to improve our customers' experience and provide more efficient services across our range of products and services on our various channels, new technological interface programs and initiatives were deployed and launched during the year.

To improve the quality and efficiency of the loan process and reduce the turnaround time and cost of loan processing, our bank fully deployed the Credit Quest Software to aid the analytic process and reduce time spent on loan application and approval processing. We also concluded technology upgrades to our core banking solution called *Finacle to* provide effective alignment between best practice market risk process maps and our Treasury Management process. This complements other deployed Risk Management software such as the Bank Asset and Liability Management (BALM) system. Upgrades were also implemented to the framework for Risk & Control Self Assessment (RCSA), Loss Data Collection (LDC) & Operational Risk Capital models of the Bank to increase efficiency and improve the data security framework.

In July 2011, we achieved the world's highest accreditation for information protection and data security by fully implementing the ISO/IEC 27001:2005 Certification Project and the ISO 27001 certified Business Continuity Management Framework in line with the highest standards of the British Standards Institute. The award for the ISO/IEC 27001:2005 Certification was conveyed by the British Standards Institute who monitored the project since its inception in 2008.

The strides made in strengthening the internal risk management and technology structures are in fulfilment of our Strategy to improve risk management and business efficiency levels in the area of service delivery. This has since been recognized by way of an Award by Deutsche

Bank International in 2011 which rated our bank as one of the "Most Efficient Banks in the World in International Trade Processing", the only Bank in Nigeria to win the award and one of the only few in the World to be so honored.

We have also continued to reengineer our processes in line with the CBN's Cash-limit Policy which came into effect from January 2012. To this end, there has been a re-alignment of the Bank's internal business structure to deliver service experience.

In recognition of these initiatives and programs, our bank was rated by Nigerian bank customers through a KPMG conducted Banking Industry Customer Satisfaction Survey (BICSS) for 2011, as the 4th Most Customer Focused Bank in the Retail Segment with a score of 72.2%.

4. MAINTAINING SOUND HUMAN CAPITAL DEVELOPMENT PROGRAM

The importance of a strong human capital base in achieving our set goals as outlined in our Vision and Mission Statements can never be over-emphasized. It is the people that implement strategy. Get the right people, in the right number, in the right locations, at the right time; performance would be delivered. The threat to maintaining this base was however captured in a report released by the Society for Human Resources Management (SHRM) in 2010 which estimated the Nigerian Banking Industry staff turnover rate at 16% while Global Banking Industry average was 11.7% for voluntary resignations. By contrast, voluntary exits by core staff of our bank in 2011 stayed at 5.5%, despite pressures from competition, largely due to the quality of our human capital and our Human Capital Development Program.

We have continued to emphasize training and development as a key part of our Strategy to create a strong human capital bench to shield us during this period of skill competition among banks. Our employees are constantly exposed to internally and externally facilitated programs where they are better equipped with the skills and knowledge required, not only in the business of banking, but also to take them through the journey of life. In 2011, over 5,461 training sessions were held for staff across different cadres in our bank with in-house, in-plant, open (or public), and off-shore sessions accounting for 49%, 43%, 6% and 2% respectively. Our bank also provides incentive for self development, giving examination cost refunds to all successful participants of Professional Accreditation courses in banking, accountancy and other relevant courses. This has encouraged staff to register and participate in these Professional programs thus improving their applicable knowledge base for our business operations.

Our induction process for new staff involves a training program facilitated by experienced staff, ex-bankers including ex-MDs of banks and leading consultants in the industry where all participants are rigorously tested before being adjudged suitable to take on banking responsibilities as a certificate of completion must be obtained as a basic requirement for formal employment. Existing employees are also tested on internal policies as part of the annual performance appraisal process, all geared towards ensuring our employees are well rounded to serve our customers and deliver value to our stakeholders.

We spend so much time and money on these issues because we believe that rote performance cannot deliver excellent result. Every staff commits a significant amount of time to self-development and on-the-job training for self and subordinates. In this respect, our executive search program has seen us take part in Careers Fairs in Europe and U.S.A including targeted head-hunting in Africa and Asia, in search of sharp minds and talents with the required skill set to deliver performance at top rate.

5. FINANCIAL PERFORMANCE

The financial year ended December 31 2011 was an exciting and challenging one for us. We are thrilled by the progress made in improving key operating parameters including Gross Earnings, Deposits and the Loan Book. Our focus on reworking our funding base to a more

For us, we shall continue to use technology to drive business and deliver service experience to our customers. As we celebrate today, we are not unmindful of the opportunities which the market and the environment have continued to create for discerning players. We have, therefore structured our processes and businesses not only to hedge against unnecessary risks, but also to take advantage of the benefits that the marketplace will continue to offer.

sustainable and balanced deposit mix, through implementing a successful branch roll-out program and increased recruitment of key businesses, has continued to show in strong positive growth in sustainable low cost deposits while expanding the base for non interest income. The mandatory Industry Resolution Levy on our bank of N1.5 billion increased Operating Cost and associated cost-income ratio in the year under review. However, we are confident that an already expanding Customer range, a growing Loan book and the sustained increase in our low cost funding base will counter the impact of such costs in the future. This positive mix will provide strong momentum for wealth creation for all our Stakeholders while we pursue new strategies for propelling our share of the Nigerian Banking market.

During the year, we grew the deposit base by 71.4% to N561.09 billion from N327.35 billion as at December 31, 2010. Net loans and leases also grew by 42% to stand at N282.72 billion as at December 31, 2011 from N199.16 billion in 2010 while Total Shareholders' funds stood at N137.36 billion as at Financial Year Ended December 31, 2011. This translates to overall growth in the Balance Sheet of 53.84% to N740.94 billion from N481.62 billion as at December 31, 2010. Profit Before Tax (PBT) however was N7.67 billion while Gross Earnings increased by 25% to N70.05 billion in 2011 from N56.05 billion recorded in 2010.

The internal capacity of our bank to expand its business and create value for stakeholders remains solid with Capital Adequacy Ratio (CAR) at 30% well above regulatory threshold of 10% and our Liquidity Ratio which stands at 52% compared to regulatory minimum of 30%. This provides capacity for business expansion and customer recruitment, and headroom for credit expansion as we deepen our participation in the key profitable segments of our banking market.

6. OUTLOOK AND RISK FACTORS TO OUR BUSINESS

In the banking business, we face a variety of risks, including macroeconomic and operational risks. The performance of our bank is always shaped by such risk factors.

a. Political risk

The prolonged political instability in Nigeria derived from a long period of military rule is gradually subsiding with another successful transmission of power from one civilian government to another duly elected civilian government in May 2011. We have continued to see reduction in kidnapping and other criminal activities in the crude oil rich Niger Delta on the back of the Amnesty Program implemented by the Federal Government. This has stabilized crude oil production and improved foreign exchange earnings for the country. On the other hand, we have seen increased militancy by Islamic fundamentalists in the North called Boko Haram, which has affected retail business growth and commercial business development. We are of the opinion that insecurity and militancy is not a recent phenomenon in Northern Nigeria and government has shown capacity and committment to deal with the issues and return the few northern cities concerned to normalcy. We think that though the destruction and feeling of insecurity raised by the Boko Haram activities may affect commercial business development, we do not think this will be significant enough to have material impact on our earnings and profitability.

b. Macroeconomic risk

Nigeria has had a history of poor fiscal management with obvious negative consequences evidenced in poor and inadequate infrastructure to boost economic expansion. Though efforts by past governments have led to large dollops of reforms in critical sectors of the economy as well as increased transparency in governance, the current government has continued with measured doses of economic reforms to transform the economy and improve the business environment. A favourable business environment is characterized by high growth in gross domestic products (GDP), stable macroeconomic conditions and political systems, liquid and efficient capital and money markets, low inflation and unemployment, high business and investor confidence, and strong business earnings. Our business is also becoming increasingly affected by outcomes in global financial markets and international economic conditions which have continued to change at a very fast pace. The debt crisis in Europe leading to reduced credit and trade finance lines to Nigerian Banks, increased borrowing costs in China leading to imported inflation in Nigeria (imports about 15% of goods from China), elections in the United States, flood in Thailand which increased the cost of rice in Nigeria (major importer of Thai Rice). Within the country, the government has continued to push reforms in economic management and political governance as well as pursue its power infrastructure and import substitution agenda with vehemence. These factors have implications for our operations. Our opinion is that as Nigeria drives to become one of the biggest economies in the world by 2020, favourable business environment in Nigeria will continue to generate higher GDP growth rates and macroeconomic stability to support growth in business earnings and profitability.

c. Credit risk

Banking industry consolidation in Nigeria has created bigger banks with redefined and keener competitive landscape. We are also seeing increases in the size of Credit Requests especially for Capital and Infrastructure projects. Prudent risk management requires that the Banking Industry learns from the past and deals with these large size Credit Requests through syndicated lending arrangements. Relatively high lending rates are likely to remain for some time to come, with its implication for Credit default risks. The Central Bank of Nigeria (CBN) has introduced priority based intervention funds for certain sectors of the economy. These Funds have generally worked well in meeting complaints about short-tenured lending and the high cost of borrowing. We are a major lender to our areas of core focus including Power, Oil and Gas, Telecommunications, Manufacturing and Small and Medium-scale Enterprises (SMEs). Our Credit Process emphasises managed risk, credit quality and safety. We believe that the ongoing Sector Reforms will continue to improve the business environment and boost business activity and earnings. We have strengthened our Credit Policies and Processes and are confident of our ability to successfully manage new Lending engagements.

d. Operational risk

This refers to the probability that despite the robust risk management processes that we have put in place, our business may be adversely affected by disruptions resulting from our operations which may impact on our business earnings and profitability. This may be because our operational processes, people or systems fail to adequately cover any exposures in our internal processes or external events which may affect our liquidity, business earnings and profitability. The business of Banking requires a bank to process and monitor large numbers and volumes of business transactions in different currencies and maturities using people, technology and processes. These transactions must adhere to client instructions, regulatory standards and sometimes, specific technology processes which may be partly provided on outsourced basis. As part of enhancing our operations risk capabilities, we received full Certification from the British Standards Institute for successfully implementing the ISO27001 Certification, which is within the ISO/IEC27001:2005 Information Security Management System (ISMS) framework for the highest information security standards. We are confident that our robust operations risk management framework and practices will continue to anticipate and mitigate operational risks within our internal processes and from external events in order to minimize potential risk to our business generation capacity.

e. Liquidity risk

Liquidity is the lifeline of our business which could be hampered by inability to access liability or funding in the right mix and cost. This situation may arise due to circumstances that we cannot control such as negative market perception about the industry, changing banking habits, general market disruption, withdrawal of cheap government deposits from the banks, tightening in money market conditions and/or operational problems that affect third parties. The consequence may be inability to execute deals and harness opportunities that present themselves timely. Following from the trend of macroeconomic aggregates, the level of banking penetration, the soundness of the Nigerian financial system and our strong capital and liquidity base, we are confident that liquidity would not be a challenge in the short to medium term and overall business earnings and profitability of the bank will not be undermined. Fidelity practices sound liquidity matching programs.

f. Currency Risk

Nigeria has continued to reap the benefits of high crude oil prices in the international market which has continued to reflect in high external reserve and stability in exchange rates despite the country's exposure to possible shocks owing to its overdependence on imports and exports. Should material adverse conditions occur in its foreign exchange earning capacity, this may result in material losses due to adverse changes in the exchange rate of the Naira against other currencies. The favourable crude oil price regime which has boosted Nigeria's Sovereign Reserve has helped to maintain stable exchange rate. Notwithstanding this situation, Fidelity continues to use exchange risk modulation mechanisms which minimize its currency risks. It also constantly monitors the Exchange markets, the Fiscal and Monetary Authorities, and the dynamics in the local and global currency markets. These steps and tools help the bank to reduce the possible negative impact of exchange rate volatility on our earnings.

CONCLUSION

The Nigerian economy is going through a transformation. Some of these changes have to be fundamental for the full impact to be felt in the Economy and Society. We, however, believe that if sustained, significant new opportunities for business will emerge. The key 'hitting points' are Expansion of Power generation and Distribution, Reducing the cost and difficulty of doing business, Maintaining Monetary Stability, Fiscal Transparency and Discipline, as well as Political Stability and Security.

Our long term plans have always been to continue to build our Balance Sheet and General Business Capacity to put Fidelity Bank Plc in a strong position to continue to participate and lead activity in the emerging economy.

Thank you.

REGINALD IHEJIAHI
Managing Director/Chief Executive Officer

Risk Management Disclosures

Risk Management Framework for Period ended 31 December 2011

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

. Comprehensive and well defined policies and procedures designed to identify, assess, measure, monitor and report significant risk exposures in our consolidated group. These policies are clearly communicated throughout the bank and are reviewed annually.

. Clearly defined governance structure.

. Clear segregation of duties within the Risk Management Sector and also between it and the other business groups.

. Management of all classes of banking risk broadly categorized into credit, market, liquidity and operational risk independently but in a coordinated manner at all relevant levels within our organization.

RISK MANAGEMENT GOVERNANCE STRUCTURE

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

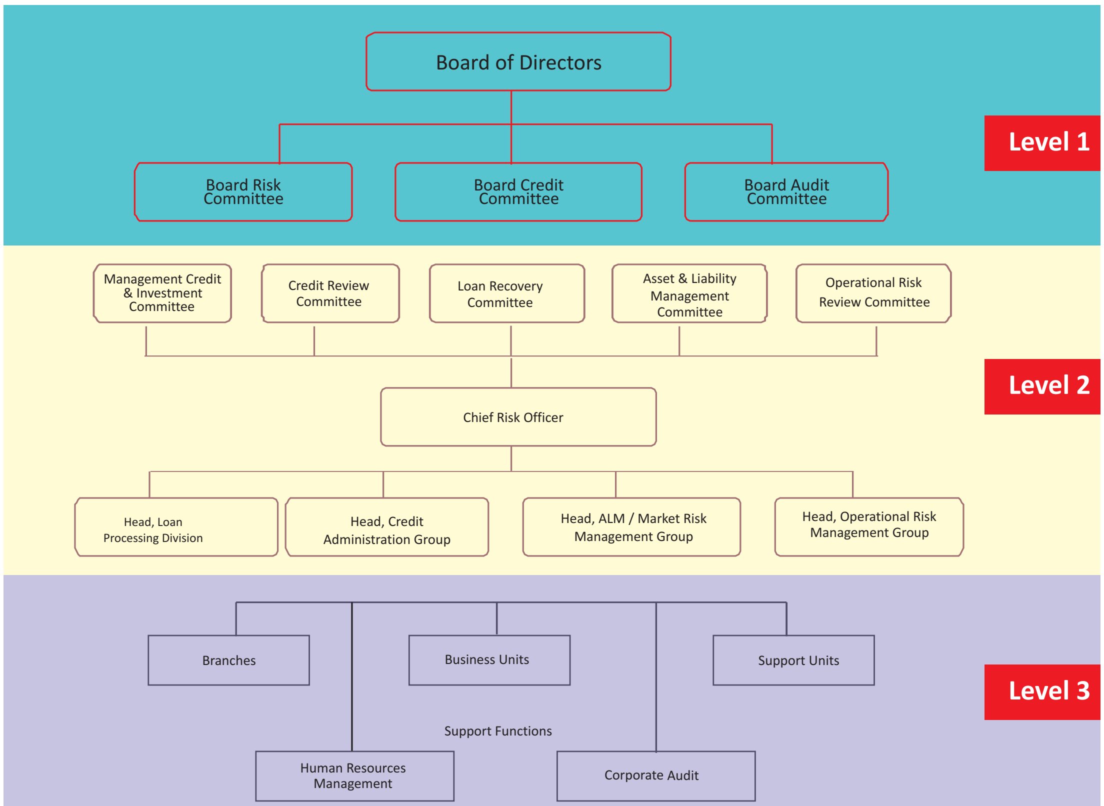
Level 1 – Board/Executive Management oversight is performed by the Board of Directors, Board Risk Committee (BRC), Board Credit Committee (BCC), Board Audit Committee and Executive Management Committee (EXCO).

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 Review Committee (ORRC), Management Performance Reporting Committee (MPR), The Chief Risk Officer (CRO) and Heads of Loan Processing, Credit Administration, Market /ALM Risk Management and Operational Risk Management.

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

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

The Risk Management Organogram of the Bank is as follows:



ENTERPRISE RISK PHILOSOPHY

Fidelity Enterprise Risk Mission

"To proactively anticipate and stem enterprise-wide losses that may occur in the execution of the Bank's 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. This phase requires a strong risk management culture that supports growth objectives. 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 and service quality.

Risk Appetite

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

We define our 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 set target Key Performance Indicators (KPIs) at both enterprise and business/support unit levels based on recommendations from the Executive 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 serve as input for assessing the performance of the Business/Support Unit.

The Bank sets tolerance limits for identified Key Risk Indicators (KRIs) which serve as proxy for the risk appetite for each risk area and Business/Support Unit. Tolerance levels for KRIs are jointly defined and agreed upon by the Business and Support Units and are subject to annual reviews.

CREDIT RISK MANAGEMENT

The Bank defines credit risk as the risk of transactions that give rise to actual, contingent or potential claims against any counter-party, borrower or obligor. Credit risk arises anytime the Bank's funds are extended, committed, invested or otherwise exposed through actual or implied contractual agreements. It does not only occur when a borrower/obligor/counterparty fails on a due obligation, it also occurs when repayment capability is threatened.

This is the largest and most critical single risk we carry as a Bank because of its contribution to our revenue. Consequently, Fidelity ensures that exposures relating to this risk are properly managed, monitored, controlled and reported.

The credit risk functions are performed by the Loan Processing Division and Credit Administration Group. The activities of these Divisions/Groups are governed by the Bank's Credit Policy Manual and the risk associated with credit transactions are measured and managed by the principles outlined below:

- Consistent standards as documented in our 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 our 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:

Approving Authority	**Approval Limit**
Executive Directors	N50million
Managing Director & CEO	N100million
Management Credit &Investment Committee	Below N500million
Board Credit Committee	From N500million – below N1billion
Full Board	N1billion and above

- The Credit Appraisal and Review process is centrally handled with the use of the Credit Quest

(CQ) software. This provides uniformity and standardization in the quality of credit requests generated by Relationship Management Teams.

- There is also Dual Approval Structure where the recommendations/consent of Risk Management and Legal Services must be in place before a limit holder can exercise the approval authority.
- We measure and consolidate all our credit exposures to each obligor on a global basis. Our definition of an "obligor" include a group of individual borrowers that are linked to one another by any of a number of criteria we 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 we have extended.
- Our 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.
- Our Credit Inspection and Credit Administration departments regularly undertake independent audit and credit quality reviews of credit portfolios held by business units.

Credit Risk Ratings

A primary element of our credit approval process is a detailed risk assessment of every credit associated with a counter-party. Our 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 influences the structuring of the transaction, the outcome of the credit decision and the monitoring procedures we apply to the on-going exposure.

We have our own in-house assessment methodologies and rating scale for evaluating the creditworthiness of our counter-parties. This was developed in collaboration with Agusto & Company, a foremost rating agency in Nigeria. We generally rate all our credit exposures individually. The rating scale and its mapping to the Standard and Poor agency rating scale is as follows:

S/N	Internal Rating Categories	Interpretation	Mapping to External Rating (S&P)
1	AAA	Impeccable financial condition and overwhelming capacity to meet obligations in a timely manner	AAA
2	AA	Very good financial condition and very low likelihood of default	AA
3	A	Good financial condition and low likelihood of default	A
4	BBB	Satisfactory financial condition and adequate capacity to meet obligations	BBB
5	BB	Satisfactory business fundamentals but ability to repay may be contingent upon refinancing	BB
5	B to CCC	Weak financial condition and capacity to repay is in doubt and may be contingent upon refinancing	B to D

The obligor rating system takes into consideration the borrower's ownership & corporate governance structure, cash flow, profitability, leverage, market share, credit history, terms of trade with suppliers & customers as well as the borrower's industry.

Credit Risk Limits

Fidelity Bank sets portfolio concentration limits to specify maximum credit exposures the Bank is willing to assume over given periods. These limits guarantee diversification of the credit portfolio, ensure flexibility and liquidity of the portfolio and reflect the Bank's credit risk appetite while taking into consideration regulatory requirements.

We currently have limits for obligors, products, economic sector/industry and approval levels. In setting these limits, the following parameters are considered:
. Obligor rating.
. Historical performance of the sector and product.
. Outlook for the sector/industry.
. Analysis of the risk inherent in the sector and product.
. Debt service capability.

The Bank has a Loan Portfolio Reporting and Monitoring Desk with responsibility of recommending these limits for approval. Fidelity Bank conducts periodic reviews of these limits. The limits can be reduced, increased, removed or retained to align with current market and macroeconomic requirements.

Monitoring Credit Risk

We monitor all of our credit exposures on a continuing basis using various platforms. Fidelity Bank has a well established Credit Monitoring Unit with the following objectives:

- To detect any deviation from the credit approval terms
- To ensure that the borrower continues to be in a position to honour the terms of the facility granted
- To detect early signs that the borrower may have difficulty in repaying the loan. Such early warnings are necessary to maximize the effect of corrective action and to minimize potential losses.
- To identify opportunities to develop new business and expand the relationship. We also have a fully efficient team to monitor and report on all project related facility accounts. This is in addition to the use of external project managers, specialists and technical consultants especially for transactions that require technical skills and knowledge.

The Credit Review Committee (CRC) and the Loan Recovery Committee (LRC) are two management committees with responsibility for monitoring the Bank's credit portfolio. While the CRC has the mandate to review the Bank's credit portfolio periodically, the main focus of the LRC committee are as follows:

. To provide special focus on and review loan recovery strategies of the Bank.

. To review the performance of Loan Recovery Agents engaged by the Bank.

. To enhance accelerated collection of non-performing loans.

At Fidelity Bank, we have also developed procedures 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 our risk management tools, demonstrate the likelihood of problems, are identified well in advance so that we 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 our credit culture and is intended to ensure that greater attention is paid to such exposures. In instances where we have identified counterparties where problems might arise, the respective exposure is placed on a watch-list.

Provision against credit risk

Provision is made in accordance with the Prudential Guidelines for Licensed Banks issued by the Central Bank of Nigeria for each account that is not performing in accordance with the terms of the related facility as follows:

1. Facilities other than specialized loans

Interest and/or principal outstanding for over:	**Classification:**	**Minimum Provision:**
90 days but less than 180 days	Substandard	10%
180 days but less than 360 days	Doubtful	50%
360 days and over	Lost	100%

2. Specialised loans

a. Project finance, commercial and real estate

Interest and or principal that is outstanding for	**Classification**	**Minimum Provision%**
More than 180 days	Watchlist	0
180 days to 1 year	Substandard	25
1 year to 2 years	Doubtful	50
2 years to 3 years	Very Doubtful	75
Over 3 years	Lost	100

b. SME and short term loans

Interest and or principal that is outstanding for	**Classification**	**Minimum Provision%**
More than 90 days from due date	Watchlist	0
90 days to 1 year ,, ,, ,,	Substandard	25
1 year to 1.5 years ,, ,, ,,	Doubtful	50
1.5 years to 2 years ,, ,, ,,	Very Doubtful	75
Over 2 years ,, ,, ,,	Lost	100

c. Long Term Loan

Interest and or principal that is outstanding for	Classification	Minimum Provision%
More than 90 days from due date	Watchlist	0
90 days to 1 year ,, ,, ,,	Substandard	25
1 year to 2 years ,, ,, ,,	Doubtful	50
2 years to 3 years ,, ,, ,,	Very Doubtful	75
Over 3 years ,, ,, ,,	Lost	100

d. Mortgages

Interest and or principal that is outstanding for	Classification	Minimum Provision%
More than 90 days from due date	Watchlist	0
More than 180 days ,, ,, ,,	Substandard	10
More than 1 year ,, ,, ,,	Doubtful	Unprovided
	balance not to exceed	
50% of net realisable value of security		
Over 2 years ,, ,, ,,	Lost	100

In addition, a provision of 1% minimum is made for all performing accounts to recognize losses in respect of risks inherent in any credit portfolio.

When a loan is deemed not collectible, it is written off against the related provision for impairments and subsequent recoveries are credited to the profit and loss account.

Risk assets such as guarantees and contingencies in respect of which a previous provision was not made are written directly to the profit and loss account when they are deemed to be not collectible.

3. Hair Cut Adjustment

The Bank has a process of collateral adjustments in loan provisioning where the quality and realisability of collateral pledged against loan facilities are considered. For collateral to be considered for “Hair Cut adjustment”, it must be:

i. Perfected
ii. Realisable with no restriction on sale
iii. Regularly valued with transparent method of valuation.

If facilities on which haircut adjustments have been applied to reduce its provisions remain non-performing after one year, the haircut adjustments will be disregarded.

Credit Risk Capital Charge

The Bank has commenced implementation of the Standardized Approach to credit risk capital adequacy computation in line with Pillar 1 of Basel II Accord.

MARKET AND LIQUIDITY RISK MANAGEMENT

Our business predisposes us to the risk that market factors will move against us, thus predisposing us to financial losses. Market risk arises from the probability of adverse movements in interest rates, equity prices, foreign exchange rates, commodity prices, the existing correlations and their volatility levels. Interest rate and equity price risks consist of two components each: general risk, which describes value changes due to general market movements, as well as specific risk which has issuer-related causes.

We assume market risk in both our trading and non-trading activities, and underwrite these risk factors by making markets and taking proprietary positions in the securities, money, and foreign exchange markets within the risk appetite established by the Board. The Bank separates its market risk activities between the trading and the banking books, with the responsibility for strategic guidance vested with the Assets and Liability Management Committee (ALCO) and the Board Risk Committee (BRC).

Our Market Risk and ALM division manages the Group's market risk in line with established risk limits which are measured, monitored and reported on periodically. These include intra-day, currency, Net open position, dealers', placement, stop loss, daily currency devaluation, duration and management action trigger limits. Trading positions are marked-to-market daily in order to obtain an accurate status of the Bank's trading portfolio exposures.

Market Risk Capital Charge

The Bank has commenced implementation of the Standardized Approach to computing Market Risk capital charge in line with the requirements of Pillar 1 of Basel II Accord for capital adequacy calculations.

Liquidity Risk Management

Liquidity management safeguards the ability of the Bank to meet all its payment obligations as they fall due. Our liquidity risk management framework is structured to ensure the Bank is able to meet this principal objective without incurring undue transaction costs under normal market conditions. This process falls under the oversight role of the ALCO on behalf of the Board.

Our liquidity risk management approach starts at the intra-day level by managing the daily payments, forecasting cash flows, Settlement Clearing and Central Bank Account relationships. It also covers tactical liquidity risk management, dealing with the access to unsecured funding sources and the liquidity characteristics of our asset inventory. Finally, the strategic perspective comprises the determination of maturity profile and gaps that may exist between all assets and liabilities on our balance sheet

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

Short-Term Liquidity

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

Asset Liquidity

The asset liquidity component tracks the volume and booking location of our 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

The Bank ensures it has a well diversified and stable funding source, through the right mix of retail, commercial and corporate customer deposits and our long-term tier 1 capital fund. Diversification of our funding profile in terms of investor types, regions, products and instruments is also an important element of our liquidity risk management policy.

A contingency funding plan is in place in the event of an adverse funding situation, with alliances with few but strong financial institutions.

Stress Testing

As a result of volatilities which take place in our operating environment, the Bank conducts stress tests to evaluate the size of potential losses related to rate movements under extreme market conditions. Consideration is given to historical events, prospective events and regulatory guidelines. The Bank initiates responses to this activity, to reduce the likely impact in the event that these risks materialize.

OPERATIONAL RISK MANAGEMENT

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

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

Organizational Set-up

Operational Risk Management is an independent risk management function within Fidelity Bank. The Operational Risk Review Committee is the main decision-making committee for all operational risk management matters and approves our 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 as well as the day-to-day operational risk management lies with our business and support units. Based on this business partnership model we ensure 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 our operational risk profile in comparison to our risk appetite and to define risk mitigating measures and priorities. We apply a number of techniques to efficiently manage operational risk in our business, for example: as part of our strategy for making enterprise risk management our discriminating competence, the Bank has redefined business requirements across all networks and branches in the following key areas:

Process/Risk Mapping

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

Loss Data Collection

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

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

Key Risk Indicators (KRIs)

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

Business Continuity Management (BCM)

Our 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. Our 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 outsourced service partners amongst others.

Operational Risk Capital Charge

The Bank is currently implementing the Standardized Approach to computing Operational Risk Capital charge in line with Pillar 1 of Basel II Accord for capital adequacy calculations.

Board of Directors in Pictures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Board of Directors in Pictures

(1) Chief Christopher I. Ezeh MFR, Chairman; (2) Reginald Ihejiahi, OFR, Managing Director & Chief Executive;
(3) Willie M. Obiano (Retired March 31, 2012); (4) Abdul-Rahman Esene (Retired March 31, 2012); (5) Ik Mbagwu; (6) Onome Joy Olaolu;
(7) Mr. John Obi (WEF: April 1, 2012); (8) Mrs. Chijioke Ugochukwu (WEF: April 1, 2012); (9) Mr. Balarabe Mohammed (WEF: April 1, 2012);
(10) Mr. Nnamdi J. Okonkwo (WEF: April 1, 2012); (11) Mrs. Bessie N. Ejeckam; (12) Alhaji Bashari Mohammed Gumel;
(13) Mr. Stanley I. Lawson; (14) Dim Elias E. Nwosu; (15) Chief Nnamdi I. Oji; (16) Arc. A. W. U. Okam; (17) Mr. Gabriel Kayode Olowoniyi;
(18) Ichie Nnaeto Orazulike; (19) Mallam Umar Yahaya

Board of Directors Profile

CHIEF CHRISTOPHER I. EZEH MFR
CHAIRMAN
A Fellow of the Institute of Chartered Accountants of Nigeria (ICAN); Institute of Directors (IOD); Institute of Cost and Management Accountants (CMA) and a member of the British Institute of Management, Chief Ezeh, also holds a Doctor of Business Administration (DBA) Honoris Causa, from Enugu State University of Technology. He started his career with Chrysler (UK) Limited in 1968. He then joined Shell BP, Zambia, before leaving for John Holt (Nig) Plc in 1976, becoming Group Managing Director (in 1986) and later, Chairman, a position he has held from 2001 to date.

REGINALD IHEJIAHI, OFR
MANAGING DIRECTOR & CHIEF EXECUTIVE
Reginald Ihejiahi holds a B.Sc in Accounting from Ahmadu Bello University, Zaria, and M.Sc. Finance, from the London School of Economics & Political Science, University of London as well as a Doctor of Business Administration (honoris causa) from the University of Nigeria, Nsukka. He is a Fellow (FCCA) of the Chartered Association of Certified Accountants, UK and a Fellow of the Chartered Institute of Bankers of Nigeria (CIBN). He has varied working experience in different aspects of banking, from Commercial to Credit Risk, Operations and Information Technology. Reginald has also served on the boards of several financial services companies.

WILLIE M. OBIANO
Executive Director,
Retired on March 31, 2012
Chief Obiano holds a B.Sc degree in Accounting and an MBA both from the University of Lagos. He is also a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN). He started his banking career as a supervisor with First Bank of Nigeria in 1981 from where he moved to Texaco Nigeria Plc, an oil marketing company as an accountant. He rose to the position of Chief Internal Auditor in Texaco before joining Fidelity. In Fidelity, he has worked in various departments ranging from operations to marketing and internal audit. He has attended many courses within and outside Nigeria including the UK, US and Malta. He was appointed to the Board in December, 2003.

ABDUL-RAHMAN ESENE
Executive Director,
Retired on March 31, 2012
Abdul-Rahman Esene is an Accounting graduate of Wake Forest University, USA. He has an MBA from Sam Houston State University, Texas, USA and a Diploma from the British Institute of Bankers. He started his career at Georgia Pacific Corporation and has worked in a number of institutions including the Nigerian Air Force, Northern Nigeria Investment Company and International Merchant Bank (IMB) before joining FSB International Bank Plc in 1996 as a Senior Manager rising to be the Managing Director of FSB before the consolidation. He joined the Board of the consolidated Fidelity Bank Plc in January 2006.

IK MBAGWU
Ik Mbagwu holds a Combined Honours degree in Geography & Economics as well as a Master's degree in Development Economics from Reading University, Berkshire (UK). He has attended management courses in notable institutions in Nigeria and overseas. Starting his career as a tax senior in Arthur Andersen & Co, Ik moved on to Nigerian American Bank Limited (Bank of Boston) before joining the then Fidelity Union Merchant Bank Ltd in 1993, rising to the position of General Manager. In 2001, he moved on to Citizens International Bank as an Executive Director. He rejoined the new Fidelity Bank as Executive Director in 2006.

ONOME JOY OLAOLU
Onome Olaolu holds a B.Sc in Accounting from the University of Benin and M.Sc., Banking & Finance, from the University of Lagos. She is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN) and also of the Chartered Institute of Bankers in Nigeria. She worked at Texaco Nigeria Plc from 1985-1990 from where she moved to the then Nigerian Intercontinental Merchant Bank Ltd. In 1994 she moved to Metropolitan Merchant Ltd before joining Fidelity Bank in 1997 as a Senior Manager, rising to the position of General Manager, Risk Management Sector in 2006. She was appointed to the Board in July 2009.

MR. JOHN OBI
WEF: April 1, 2012
John Obi is a graduate of Accountancy and holds an MBA degree from the Lagos State University. He is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN) and a member of the Chartered Institute of Bankers of Nigeria (CIBN). Obi, who until recently was the General Manager, Corporate Banking in the bank, was the pioneer Managing Director of Fidelity Pension Managers Limited (FPML), a subsidiary of Fidelity Bank. He had previously worked with Union Bank amongst others, before joining Fidelity Bank (through the former Manny Bank) in 2000. He has over 28 years industry experience and has served in various areas of banking. He was appointed to the Board with effect from April, 2012.

MRS. CHIJIOKE UGOCHUKWU
WEF: April 1, 2012
Mrs. Ugochukwu was General Manager, Legal Services and Company Secretary of the bank. She holds an LLB (Hons.) degree from Obafemi Awolowo University, Ile-Ife, and a BL from the Nigerian Law School. She also holds a Master of Business Administration degree from IESE, Barcelona, Spain. She is a member of the Institute of Chartered Secretaries and Administrators in Nigeria and has more than 21 years Industry experience. At various points, Mrs. Ugochukwu had been in Operations, Treasury management and Corporate Services functions. She is a regular speaker on Ethics, Personal Financial Planning and Wealth Preservation. She was appointed to the Board with effect from April, 2012.

MR. BALARABE MOHAMMED
WEF: April 1, 2012
Mr. Mohammed holds a Bachelor's degree in Accountancy and Finance from Nottingham Trent University, UK, as well as a M.Sc. degree in Finance from the University of

Lagos. A dealing member of the Nigerian Stock Exchange since 1992, Mohammed was an Executive Director with the former Oceanic Bank Plc. He was also a General Manager in the United Bank for Africa (UBA) and had been the General Manager & Chief Executive of Newdevco Finance Services Company Limited. He has over 24 years banking experience across business portfolios in banking. He was appointed to the Board with effect from April, 2012.

MR. NNAMDI J. OKONKWO

WEF: April 1, 2012

Mr. Okonkwo holds a B.Sc degree from the University of Benin and a MBA degree, Banking and Finance from Enugu State University. He is also a graduate of the Advanced Management Programme (AMP) from INSEAD, France. Until his appointment, Okonkwo was the head of the Corporate Banking Directorate in United Bank for Africa (UBA). Before then, he was at various times, the Managing Director & Chief Executive Officer of UBA, Ghana and the Regional Chief Executive Officer of all UBA subsidiaries in Ghana, Liberia and Sierra Leone. Okonkwo also worked with the former FSB International Bank and Guaranty Trust Bank (GTBank) and comes with over 21 years experience in various areas of banking. He was appointed to the Board with effect from April, 2012.

MRS. BESSIE N. EJECKAM

Mrs. Ejeckam holds a B.Sc. in Accounting from Bloomfield College, Bloomfield, New Jersey, U.S.A. She worked in the Foreign Exchange Department of PZ Industries Limited from 1982 to 1984, from where she moved to First City Finance Company Limited. In 1988, she joined Fidelity Bank as the Head of Domestic Operations Unit from where she rose to Head of Internal Control in 1996. She resigned from the Bank in 1998 for private business.

ALHAJI BASHARI MOHAMMED GUMEL

Bushari M. Gumel is an alumnus of the Ahmadu Bello University, Zaria. He holds a Post Graduate Diploma, Public & Social Administration from South Devon Technical College, Torquay, England and is a seasoned administrator who began his career as a civil servant in 1968 and rose to the position of a Permanent Secretary until 1980 when he withdrew his services from the state government to venture into private business. He is on the boards of several companies and is currently the Chairman, Jafa Foam Products Limited.

MR. STANLEY I. LAWSON

Stanley Lawson holds an M.Sc in Petroleum Geology and MBA in Finance both from the University of Ibadan. He started his career in the Oil & Gas industry as a Resident Geologist/Drilling Engineer from where he moved to the Banking/Finance industry, rising to the position of Managing Director/ Chief Executive Officer of erstwhile African Express Bank in 2003. He moved to the Nigerian National Petroleum Corporation (NNPC) between 2004 - 2009 where he was appointed Group Executive Director, Finance & Accounts. Mr. Lawson has attended several leadership and management courses in Nigeria and overseas.

DIM ELIAS E. NWOSU

Dim Nwosu attended St. Paul's Teachers' Training College, Oghe, Enugu State. He rose from the position of a Sales Assistant at Geoelis Trading Company, Onitsha to Sales Manager fully in charge of the management of the company and later became the Chairman and Chief Executive - a position he holds to date. He is a notable member of the Nigeria Cable Manufacturers Association and a member of the Nigeria Chamberof Commerce, Industry & Agriculture (NACCIMA). He has attended various seminars and workshops both in Nigeria and abroad.

CHIEF NNAMDI I. OJI

Chief Oji holds a National Diploma in Business Studies from Brookland Technical College, Surrey, England and a B.A. in Accountancy from the University of North London, England. He also holds a Post Graduate Certificate in Textile Technology from Bolton Institute of Technology, Lancashire, England. He is presently the Finance Director of Rosies Group of Companies in Aba, Abia State. He sits on the boards of numerous other companies.

ARC. A. W. U. OKAM

Arc. Okam holds a degree in Architecture. A Fellow of the Nigerian Institute of Architects (NIA), he began his professional career in 1964 when he joined the Public Service of Eastern Nigeria as an Architect. He worked at Ekwueme Associates (Architects and Town planners) in various capacities and later became a partner of the prestigious firm (1971-1979). He sat on the board of Fidelity Union Merchant Bank Limited (1996-2001) and is currently Principal Partner, Integrated Consultants.

MR. GABRIEL KAYODE OLOWONIYI

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

ICHIE NNAETO ORAZULIKE

Ichie Nnaeto Orazulike holds a B.Sc in Accountancy from the University of Nigeria, Enugu Campus. He began private business in 1993 when he started Genesis Foods Limited, a frontline industrial catering services company. His vast chain of other successful businesses includes Orazulike Trading Company Limited; Stanchions Nigeria Limited and Genesis Deluxe Cinemas Limited.

MALLAM UMAR YAHAYA

Umar Yahaya holds a Bachelor's and a Master's degrees in Business Administration from Ahmadu Bello University, Zaria. He has an Advanced Diploma in Management from Harvard Business School, Boston Massachusetts, and an Executive Management Diploma in Strategy & Organisation from Stanford Graduate School of Business, USA. He was an Executive Director, First Bank of Nigeria Plc, responsible for policy formulation, strategic direction and day-to-day management of sector posting. He was the Managing Director/Chief Executive, New Africa Merchant Bank (NAMB) from 1992 to1997 and currently sits on the boards of several companies.

Management Team &

Heads of some key Departments, as at April 2012

Reginald Ihejiahi	MD & Chief Executive Officer
Ik Mbagwu	ED, Lagos & South West Directorate
Onome Olaolu	ED, Risk Management
John Obi	ED, Corporate Bank
Chijioke Ugochukwu	ED, Shared Services
Nnamdi Okonkwo	ED, South Directorate
Mohammed Balarabe	ED, North Directorate
Oluwatobi Lawal	GM, South-West Bank
Obioha Obiagwu	GM, Lagos Bank
Idris Yakubu	GM, North Bank
Sam Obijiaku	GM, Operations
Charles Okoro	Head, South-South Bank
Chimaobi Onwuka	Head, Corporate Services
Gabriel Anajekwu	Head, South-East Bank
Chineze Osakwe	Head, Treasury
Boye Ogunmolade	Head, Inspection & Audit
Taiwo Joda	Head, Large Corporates & Multinationals
Ken Opara	Head, Private & Consumer Banking
Hassan Imam	Head, Abuja Bank
Adeyeye Adepegba	Head, Power & Infrastructure
Simon Peter Opara	Head, Lagos Island 2 Region
Dr. Mike Aigbiremolen	Head, Midwest Region
Victor Abejegah	Head, Financial Controls & Ag. CFO
Lazarus I. Okolie	Head, Information Technology & Ag. CTO
Ralph Omoregie	Head, Business Process Automation
Emma Esinnah	Head, Marketing Communications
Francis Ikenga	Head, Strategy
Martins Izuogbe	Head, International Operations
Jude Monye	Head, Lagos Mainland 1 Region
Ernest Adinweruka	Head, Lagos Island 1 Region
Charles Onyeoguzoro	Head, Loan Processing
Chinwe Basil-Ezegbu	Head, Inspection & Investigation
Musa Tarimbuka	Head, Agri-Business
Mannir Ringim	Head, Abuja Region
Nasiru Sama	Head, Sokoto Region
Iyke Azubogu	Head, South-South/South East 2 Region
Osahon Ogieva	Head, Telecoms
Abolore Solebo	Head, Oil & Gas (Upstream)
Mobolaji Omotoso	Head, South West Region
Napoleon Esemudje	Ag. Chief Human Resources Officer
Chioma Nwankwo	Head, Private Banking

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 December 2011

The Directors are pleased to submit their report on the affairs of Fidelity Bank Plc ("the Bank") and its subsidiaries (together called "the Group"), together with the financial statements and auditors' report for the year ended December 31, 2011.

1. RESULTS

	₦'m
The Group's profit for the year after taxation was	**5,361**
Non-controlling interest	**107**
Profit after taxation and non-controlling interest	**5,468**
Less appropriation:	
Transfer to Statutory Reserve	**1,788**
Transfer to General Reserve	**3,680**

2. DIVIDEND STATEMENT

In respect of the current financial year, the Directors propose a dividend of 14kobo per Ordinary Share of 50 kobo each amounting to N4,054,761,996.00 to be paid to shareholders subject to approval at the Annual General Meeting. The proposed dividend is subject to withholding tax and is payable to shareholders whose names appear on the Register of Members as at close of business on April 26, 2012.

3. LEGAL FORM

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

4. PRINCIPAL BUSINESS ACTIVITIES

The principal activity of the Bank continues to be the provision of banking and other financial services to corporate and individual customers from its Headquarters in Lagos and 185 branches. These services include retail banking, granting of loans and advances, equipment leasing and other related services.

The Bank has the following subsidiaries:

i. Fidelity Securities Limited

ii. Fidelity Pension Managers Limited

The financial results of the subsidiaries have been consolidated in these financial statements. Further to the Central Bank of Nigeria Guidelines on Regulation on the Scope of Banking Activities and Ancillary Matters No. 3 of 2010 ("the Regulations") which repealed the Universal Banking Model, the Bank has obtained the Central Bank's approval to divest from its subsidiaries. The process of divestment is currently underway.

The Bank has also applied to the Central Bank for a Commercial Banking License on an international basis.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 December 2011

5. BENEFICIAL OWNERSHIP
The Bank is owned 100% by Nigerian Citizens and Corporations.

6. SHARE CAPITAL
The range of shareholding as at December 31, 2011 is as follows:

Range		*No. of Holders*	*Holders %*	*Holders Cum*	*Units*		*Units %*	*Units Cum.*
1	_	1000	95,237	22.26%	95,237	81,021,765	0.28%	81,021,765
1,001	_	5,000	179,625	41.98%	274,862	497,940,084	1.72%	578,961,849
5,001	_	10,000	57,320	13.40%	332,182	472,794,599	1.63%	1,051,756,448
10,001	_	50,000	68,431	15.99%	400,613	1,647,674,005	5.69%	2,699,430,453
50,001	_	100,000	13.051	3.05%	413.664	1,036,015,182	3.58%	3,735,445,635
100,001	_	500,000	11,099	2.59%	424,763	2,438,697,905	8.42%	6,174,143,540
500,001	_	1,000,000	1,506	0.35%	426,269	1,117,730,238	3.86%	7,291,873,778
1,000,001	_	5,000,000	1,195	0.28%	427,464	2,608,426,197	9.00%	9,900,299,975
5,000,001	_	50,000,000	339	8%	427,803	4,765,628,462	16.45%	14,665,928,437
50,000,001	_	100,000,000	27	1%	427,830	1,841,450,110	6.36%	16,507,378,547
100,000,001	_	500,000,000	26	1%	427,856	5,262,857,497	18.16%	21,770,236,044
1	_	28,974,797,023	7	0.00%	427,863	7,204,560,979	24.86%	28,974,797,023
Grand Total			427,863	100.00%		28,974,797,023	100.00%	

Substantial interest in shares:

The Bank's shares are widely held and no shareholder held up to 5% of the issued share capital of the Bank during the period.

7. DIRECTORS AND THEIR INTERESTS:

a. The names of the present Directors are listed in 7.3 below

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

(i) In accordance with Article 95(1)(a) of the Articles of Association of the Bank, the Directors retiring by rotation are Alhaji Bashari M. Gumel, Mr. Stanley I. Lawson, Chief Nnamdi Oji and Mallam Umar Yahaya and being eligible, they offer themselves for re-election.

(ii) Mr. Willie M Obiano (Executive Director) and Mr. Abdul-Rahman Esene (Executive Director) having attained retirement age, resigned from the Board with effect from April 1, 2012.

(iii) Four (4) new Executive Directors were appointed to the Board with effect from April 2, 2012 upon approval of the Board of Directors and the Central Bank of Nigeria. They are Mrs. Chijioke Ugochukwu, Mr. John Obi, Mr. Nnamdi Okonkwo and Mr. Mohammed Balarabe.

c. Directors' shareholding:

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

NAME OF DIRECTOR	DIRECT	INDIRECT	31Dec 2011 TOTAL	31 Dec 2010
Chief Christopher I. Ezeh	45,650,083	NIL	45,650,083	45,650,083
Mallam Umar Yahaya	1,689,572	NIL	1,689,572	1,073,575
Chief Nnamdi Oji	1,347,085	83,277,680	84,624,765	83,583,080
Mrs Bessie N. Ejeckam	3,378,775	135,265,409	138,644,185	136,235,405
Dim Elias E. Nwosu	NIL	653,704,655	653,704,655	653,704,655
Arc. Augustine W. U. Okam	343,208,645	NIL	343,208,645	316,010,714
Ichie Nnaeto Orazulike	2,065,300	3,330,600	5,395,900	3,730,600
Mr Kayode Olowoniyi	50,000	NIL	50,000	50,000
Mr Stanley Lawson	NIL	NIL	NIL	NIL
Alhaji Bashari Gumel	101,666	NIL	101,666	101,666
Mr Reginald Ihejiahi	87,617,709	NIL	87,617,709	87,617,709
Mr Ik. Mbagwu	4,782,606	NIL	4,782,606	1,925,000
Mrs Onome Olaolu	2,200,106	NIL	2,200,106	82,046
Mr. John Obi	51,515	NIL	51,515	N/A
Mrs. Chijioke Ugochukwu	2,665,249	NIL	2,665,249	N/A
Mr. Mohammed Balarabe	NIL	NIL	NIL	N/A
Mr. Nnamdi Okonkwo	NIL	NIL	NIL	N/A

Chief Nnamdi Oji has indirect shareholding amounting to 83,277,680 shares through Rosies Textile Mills Limited (8,250,666) and Rosies Garments Factory (Nigeria) Limited (75,027,014).

Dim Elias Nwosu has indirect shareholding amounting to 653,704,655 shares through Beverly Trust Limited.

Mrs. Bessie Ejeckam has indirect shareholding amounting to 135,265,409 shares through Felink Investment & Property Limited.

Ichie Nnaeto Orazulike has indirect shareholding amounting to 3,330,600 shares through Genesis Trading Company Limited (1,665,300) and Orazulike Trading Company Limited (1,665,300).

d. Directors' interest in Contracts

Directors' interest in contracts and related party transactions which interest was disclosed to the Board in compliance with Section 277 of the Companies and Allied Matters Act of Nigeria is detailed in Note 30(a).

8. POST BALANCE SHEET EVENTS

There are no significant post balance sheet events which could have had a material effect on the state of affairs of the Bank as at 31 December 2011 and on the profit for the period ended on that date, which have not been adequately provided for or disclosed.

9. PROPERTY AND EQUIPMENT

Information relating to property and equipment is given in Note 21.9 to the financial statements. In the Directors opinion, the market value of the Group's properties is not less than the value shown in the financial statements.

10. DONATIONS & CHARITABLE CONTRIBUTIONS

Donations and gifts to charitable organizations during the year amounted to N65,032,333 (Dec 2010 – N19,499,000). There were no donations to political organizations during the year. The beneficiaries are:

NYSC Camp Donation	633,333
Ondo State Development Committee	125,000
CIBN Sponsorship – 5th Annual Banking Conference	2,000,000
DALA Hard Court – Sponsorship of Tennis Championship	5,000,000
Nigeria Police – Abuja Hqtrs – Operational Equipment	6,174,000
ICAN – Sponsorship of 41st Annual Accountants Conference	500,000
PACELLI School for the Blind – Sponsorship Support	100,000
Lagos State Security Trust Fund – 10 ToyotaHILUX P/Up Vans	48,500,000
Imo State Govt – Sponsorship of Int'l Gas Conference – Owerri	2,000,000
TOTAL	65,032,333

11. EMPLOYMENT & EMPLOYEES

Employment of disabled persons
It is the policy of the Bank to ensure that there is no discrimination in considering applications for employment including those from physically challenged persons. The policy ensures that disadvantaged persons are afforded, as far as is practicable, identical opportunities with other employees. There was no such physically challenged person employed during the year.

Health, Safety and Welfare of Employees
The Bank accords high priority to the health, safety and welfare of its employees both in and outside their place of work. In furtherance of this, the Bank has a group life insurance policy and group personal accident policy to adequately insure and protect its employees.

In addition, the Bank subscribes to a group health insurance scheme that provides a wide range of qualitative medical services to all staff. Through this scheme, members of staff have access to a fully integrated health care delivery system, with primary, secondary and tertiary healthcare services.

Employee involvement and training
The Bank is committed to keeping employees as fully informed as possible regarding the institution's performance and progress. Opinions and suggestions of members of staff are

sought and considered not only on matters affecting them as employees but also on the general business of the Bank.

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. Each employee has a documented training and career development program. To this end, short and long term training programs are tailored to suit the requirements of both employees and the Bank. Employees are adequately rewarded and motivated to achieve results.

12. AUDITORS

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

BY ORDER OF THE BOARD

CHIJIOKE UGOCHUKWU (MRS)
Company Secretary

LAGOS, NIGERIA
April 13, 2012
FIDELITY BANK PLC

Shareholders Audit Committee Report

To the members of Fidelity Bank Plc:

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

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

ii) Reviewed the financial statements for the year ended 31 December 2011 and are satisfied with the explanations obtained.

iii) Reviewed the External Auditors Management Report for the year ended 31 December 2011 and are satisfied that Management is taking appropriate steps to address the issues raised.

iv) Reviewed all insider related credits as defined in Section 20 (5) of Banks and Other Financial Institutions Act, Cap B3 LFN 2004. Our review confirmed that the bank disclosed all such credits and they were reported in line with the CBN's prescribed format.

v) Ascertained that the accounting and reporting policies of the company for the year ended 31 December 2011 are in accordance with legal requirements and agreed ethical practices.

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

A. F. Agorua J.P

Chairman, Audit Committee
March 28, 2012

Members of the Audit Committee are:

1.	Chief Augustine F. Agorua, JP	-	Chairman
2.	Dr. Christian Nwinia	-	Member
3.	Mrs. Bessie N. Ejeckam	-	Member
4.	Chief Nnamdi I. Oji	-	Member
5.	Arc. Augustine W. U. Okam	-	Member
6.	Mr. Chidi Agbapu	-	Member

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Fidelity ATM

Provides access to your account(s) and enables cash payments and withdrawals round the clock.

Fidelity P.O.S. Terminals

For convenient payment at merchant locations and accessible by all card holders.

Internet Banking

Allows for banking transactions via the internet from the convenience of your computers and other devices.

e-Pay

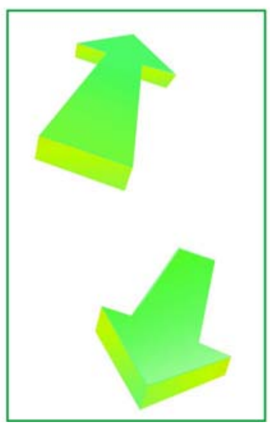
Easy and convenient way to pay contractors, employees and vendors.

Cards

Can be used at any ATM in most countries for deposits, withdrawals, online purchases, bill payments and other transactions.

Cheque/Draft

Allow customers the ease of withdrawals and payments.



Interbank Funds Transfer (NIBSS)

RTGS, NEFT
NIP

Mobile Banking

Provides the convenience of banking transactions through a mobile device

For more information, kindly contact Fidelity Trueserve on **01-448-52-52** or email us at true.serve@fidelitybankplc.com.

FIDELITY
Fidelity Bank Plc RC 103022
We're Fidelity - we keep our word

DDB

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CORPORATE GOVERNANCE REPORT

For the YEAR ENDED 31 December 2011

INTRODUCTION

The key tenets of good corporate governance remain at the center of Fidelity Bank Plc's governance framework and the Bank continues to be committed to maintaining global best practices in governance by ensuring accountability at all levels.

This is achieved through mechanisms that reduce or eliminate procedural breaches by ensuring ethical behavior across board, thereby adding value to our shareholders and other stakeholders, while also enhancing service delivery to our customers.

The Board continues to comply with the Bank's internal governance policies and the corporate governance codes issued by the Central Bank of Nigeria (CBN) and the Securities & Exchange Commission (SEC) (the Codes). These Codes are very detailed and cover a wide range of issues, including Organizational Structure, Quality of Board Membership, Board Performance Appraisal, Reporting Relationship, Disclosure Requirements, Risk Management and the Role of Auditors. Fidelity undertakes frequent internal assessments of its compliance with both Codes and submits periodic Compliance Reports to the CBN and SEC on matters specified in the Codes.

KEY GOVERNANCE DEVELOPMENTS

Major governance developments since the last Annual General Meeting include:

(i) Appointment of KPMG Professional Services to design a new and comprehensive corporate governance framework that aligns with global best practices.

(ii) Retirement of Chief Willie M. Obiano and Mr. Abdulraman Esene (Executive Directors) from the Board with effect from April 1, 2012.

(iii) Appointment of Mr. John Obi, Mrs. Chijioke Ugochukwu, Mr. Balarabe L. Mohammed and Mr. Nnamdi J. Okonkwo to the Board as Executive Directors with effect from April 2, 2012.

CORPORATE GOVERNANCE FRAMEWORK

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

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

A. THE BOARD OF DIRECTORS

The Board (Structure and Responsibilities):

The Board of Directors is at the apex of the bank's governance structure and ensures that appropriate controls are in place and fully operational. The Bank adopts a Unitary Board system and the Board has both Supervisory and Management functions. These functions are split between the Executive Board, which comprises seven (7) Executive Directors and the Supervisory or Full Board, which comprises seventeen (17) Directors (i.e. the seven Executive Directors and ten Non Executive Directors).

The Executive Board is the key management organ of the Bank and is primarily responsible for achieving performance expectations and increasing shareholder value. The Executive Board reports regularly to the Supervisory Board on all issues that relate to the growth and development of the Bank. The Supervisory Board plays a major supportive and complimentary role in ensuring that the Bank is well managed. The Supervisory Board includes two (2) Independent Directors.

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

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

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

Chairman and Chief Executive:
The positions, functions and responsibilities of the Chairman and Managing Director continue to remain separate. Whilst the Chairman is responsible for leadership and overall Board effectiveness, the Managing Director is responsible for the day to day management of the enterprise and its overall performance.

Board Induction & Training:
Given the increasing complexity of banking transactions, the demands of the operating environment and their weighty oversight responsibilities, the Board acknowledges that its ability to effectively discharge its functions can only be enhanced by qualitative training programs. To this end, the Bank has a formal induction program for new Directors and bespoke training programs for other Directors. The Directors also attend all Regulator initiated training programs. The induction and training programs are very robust and designed to equip all Directors to effectively discharge their responsibilities whilst improving overall board effectiveness.

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

Board Appraisal/Performance Evaluation:

In compliance with the Codes and to further enhance its governance practices, the Board engages knowledgeable consultants to conduct an annual appraisal of the Board's performance. The Board appraisal is extensive and covers all major Board focus areas including strategy, corporate culture, monitoring, evaluation, performance and stewardship. The Consultants report on the board appraisal is presented to the Shareholders at the Annual General Meeting.

Membership and Attendance at Board Meetings during the period under review is as follows:

S/N	NAME	DESIGNATION	27th Jan, 2011	11th March, 2011	24th March, 2011	4th May, 2011	5th May, 2011	28th July , 2011	27th Oct, 2011	15th Dec. 2011	Attendance in 2011
1	Chief Christopher Ezeh	Chairman	√	√	√	√	√	√	√	√	8
2	Mallam Umar Yahaya	Non Executive	√	√	√	√	√	√	√	√	8
3	Chief Nnamdi Oji	Non Executive	√	√	A	√	√	√	√	√	7
4	Mrs. Bessie Ejeckam	Non Executive	√	√	√	√	√	√	√	A	7
5	Dim Elias E. Nwosu	Non Executive	√	A	A	√	√	√	√	√	6
6	Arc. Augustine W. U. Okam	Non Executive	√	√	√	√	√	√	√	√	8
7	Ichie Nnaeto Orazulike	Non Executive	√	√	√	√	√	√	√	√	8
8	Mr. Kayode Olowoniyi	Non Executive	√	√	√	√	√	√	√	√	8
9	Mr. Stanley Lawson	Independent	√	√	A	√	√	√	√	√	7
10	Alhaji Bashari Gumel	Independent	√	√	A	√	√	√	√	√	7
11	Mr. Reginald Ihejiahi	Executive	√	√	√	√	√	√	√	√	8
12	Chief Willie Obiano	Executive	√	√	√	√	√	√	√	√	8
13	Mr. Abdulrahman Esene	Executive	√	√	√	√	√	√	√	√	8
14	Mr. Ik Mbagwu	Executive	√	√	√	√	√	√	√	√	8
15	Mrs. Onome Olaolu	Executive	√	√	√	√	√	√	√	√	8
16	*Mr. John Obi	Executive	NYA	NYA	NYA	NYA	NYA	NYA	NYA	NYA	NYA
17	*Mrs. Chijioke Ugochukwu	Executive	NYA	NYA	NYA	NYA	NYA	NYA	NYA	NYA	NYA
18	*Mr. Balarabe L. Mohammed	Executive	NYA	NYA	NYA	NYA	NYA	NYA	NYA	NYA	NYA
19	*Mr. Nnamdi J. Okonkwo	Executive	NYA	NYA	NYA	NYA	NYA	NYA	NYA	NYA	NYA

√ – *Present; A – Apology; NYA – Not Yet Appointed*

*Appointed with effect from April 2, 2012.

A. BOARD COMMITTEES

The responsibilities of the Board are further accomplished through six (6) standing committees which work closely with the Executive Board to achieve the Bank's strategic objectives. Each Committee has clearly defined Terms of Reference which set out its roles, functions, responsibilities and scope of authority.

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

1. Board Credit Committee:

This Committee functions as a Standing Committee of the Board with responsibility for Credit Management. The Committee comprises four (4) Non Executive Directors, an Independent Director and the Managing Director & Chief Executive.

Its terms of reference include:

a. Exercising all board assigned responsibilities on credit related issues.
b. Review and recommend credit policy changes to the full Board.
c. Ensure compliance with regulatory requirements on credits.
d. Approving credits above the Management credit approval limits.
e. Tracking the quality of the Bank's loan portfolio through quarterly review of risk assets.
f. Receive and consider recommendations from the Management Credit & Investment Committee (MCIC), Asset & Liability Committee (ALCO), and Operational Risk Review Committee on matters relating to Credit Management.
g. Consider and recommend for full Board approval, any Director, Shareholder and Insider related credits.
h. Consider exceptions to rules or policies and counsel on unusual credit transactions.
The Committee meets monthly or as the need arises. Membership and Attendance at meetings during the period under review are as follows:

S/N	NAME	DESIGNATION	26th Jan 2011	23rd Feb 2011	30th Mar 2011	20th April 2011	29th April 2011	4th May 2011	9th June 2011	30th June 2011
1.	Dim Elias E. Nwosu	Non Executive-Committee Chairman	√	√	√	√	√	√	√	√
2.	Mallam Umar Yahaya	Non Executive	√	A	√	√	√	√	√	√
3.	Chief Nnamdi Oji	Non Executive	√	√	A	√	√	√	√	√
4.	Ichie Nnaeto Orazulike	Non Executive	√	A	√	√	√	√	√	√
5.	Mr. Stanley Lawson	Independent Director	√	√	A	√	√	√	√	√
6.	Mr. Reginald Ihejiahi	CEO	√	√	√	√	√	√	√	√

√ – Present; A – Apology; NYA – Not Yet Appointed

2. Board Risk Management Committee:

This Committee functions as a Standing Committee of the Board with responsibility for Enterprise Risk Management.

The Committee comprises three (3) Non Executive Directors, an Independent Director and the Managing Director & Chief Executive. Occasionally, a joint meeting is held between the Board Risk Committee and Board Credit Committee. The terms of reference of the Board Risk Committee include:

a. Exercising all Board assigned responsibilities on Risk related issues.
b. Ensuring compliance with the Bank's Enterprise Risk Policies including Credit Risk, Market Risk and Operational Risk Policies.
c. Ensuring compliance with regulatory risk requirements.

The Committee meets quarterly or as the need arises. Membership and Attendance at meetings during the period under review are as follows:

S/N	NAME	DESIGNATION	26th Jan 2011	20th Apr 2011	27th July 2011	29th Nov 2011	Attendance in 2011
1.	Chief Nnamdi Oji	Non Executive/ Committee Chairman	√	√	√	√	4
2.	Arc. Augustine W. U. Okam	Non Executive	√	√	√	√	4
3.	Mr. Kayode Olowoniyi	Non Executive	√	√	√	√	4
4.	Mr. Stanley Lawson	Independent Director	√	√	√	√	4
5.	Mr. Reginald Ihejiahi	MD & CE	√	√	√	√	4

√ – Present; A – Apology; NYA – Not Yet Appointed

13th July 2011	27th July 2011	7th Sept 2011	8th Sept 2011	28th Sept 2011	29th Sept 2011	26th Oct 2011	23rd Nov 2011	14th Dec 2011	Attendance in 2011
√	√	√	√	A	A	√	√	√	14
√	√	√	A	√	√	√	√	√	15
A	√	√	√	A	A	√	√	√	13
√	√	√	√	√	√	√	√	√	16
√	√	√	√	√	√	√	√	√	16
√	√	A	A	A	A	√	√	√	13

3. Board Audit Committee:

The Board Audit Committee is comprised of three (3) Non-Executive Directors. The Committee's terms of reference include:

a. Reviewing internal and external audit reports.
b. Periodically review and recommend for full Board approval accounting, operational and procedural policies and controls for the Bank.
c. Evaluating the performance and effectiveness of the Bank's External Auditors and making recommendations to the full Board as to their retention or change.
d. Reviewing major expense lines periodically.
e. Reviewing the Bank's accounts before presentation and or publication in all instances.

The Committee meets quarterly or as the need arises. Membership and Attendance at meetings during the period under review are as follows:

S/N	NAME	DESIGNATION	24th Jan 2011	18th Apr 2011	25th July 2011	24th Oct 2011	25th Oct 2011	Attendance in 2011
1.	Mrs. Bessie Ejeckam	Non Executive/ Committee Chairperson	√	√	√	√	√	5
2.	Arc. Augustine W. U. Okam	Non Executive	√	√	√	√	√	5
3.	Chief Nnamdi Oji	Non Executive						5
4.	*Mr. Kayode Olowoniyi	Non Executive	√	N/A	N/A	N/A	N/A	1

√– Present; A – Apology; NYA – Not Yet Appointed; N/A – Not Applicable.

*Mr. K. Olowoniyi ceased to be a member of the Board Audit Committee in March 2011, following a restructure of the Board Committees.

4. Board Standing Committee:

The Board Standing Committee comprises five (5) Non-Executive Directors and its terms of reference include consideration of:

a. Major issues that are neither credit nor audit related.
b. Issues related to Senior Management (Manager and above) including Executive Directors ("EDs") and the Managing Director ("MD").
c. Human Resource Management including recruitment, reassignments, promotions and deployment.
d. Major expenditure approvals in excess of Management's approval limits.
e. Serious disciplinary cases involving Senior Management.

The Committee meets quarterly or as the need arises. Membership and Attendance at meetings during the period under review are as follows:

S/N	NAME	DESIGNATION	25th Jan 2011	19th Apr 2011	10th June 2011	26th July 2011	14th Oct 2011	25th Oct 2011	30th Nov 2011	Attendance in 2011
1.	Arc. A.W.U. Okam	Non Executive/ Committee Chairman	√	√	√	√	√	√	√	7
2.	Mrs. Bessie Ejeckam	Non Executive	√	√	A	√	√	√	A	5
3.	Dim Elias E. Nwosu	Non Executive	√	√	√	√	A	√	√	6
4.	Ichie Nnaeto Orazulike	Non Executive	√	√	√	√	√	√	√	7
5.	Alhaji Bashari Gumel	Independent Director	√	√	√	√	√	√	√	7

√ – Present; A – Apology; NYA – Not Yet Appointed

5. Board Remuneration Committee:

The Board Remuneration Committee comprises four (4) Non-Executive Directors. Its terms of reference include consideration of all issues related to Executive Management compensation. The Committee meets as the need arises. Membership and Attendance at meetings during the period under review are follows:

S/N	NAME	DESIGNATION	25th Jan, 2011	25th Oct, 2011	Attendence in 2011
1.	Mallam Umar Yahaya	Non Executive/ Committee Chairman	√	√	2
2.	Mrs. Bessie Ejeckam	Non Executive	√	√	2
3.	Ichie Nnaeto Orazulike	Non Executive	√	√	2
4.	*Mr. Kayode Olowoniyi	Non Executive	NYA	√	1

√ – Present; A – Apology; NYA – Not Yet Appointed

*Mr. K. Olowoniyi joined the Board Remuneration Committee in April, 2011 following a restructure of the Board Committees.

6. Board Corporate Strategy & Business Development Committee:

This Committee comprises six (6) Non Executive Directors and all the Executive Directors. Its terms of reference include:

a. Harnessing the Board's contacts and resources for expanding the Bank's business.
b. Regularly reviewing the business development strategy of the Bank and its execution.
c. Evaluating significant developments in the global economy and how they impact on the Bank.
d. Reviewing and advising on major investment proposals by Management.

The Committee meets quarterly or as the need arises. Membership and Attendance at meetings during the period under review are as follows:

S/N	NAME	DESIGNATION	24th Jan 2011	18th Apr 2011	25th July 2011	24th Oct 2011	13th Dec 2011	Attendance in 2011
1.	Mallam Umar Yahaya	Non Executive/ Committee Chairman	√	√	√	√	√	5
2.	Dim Elias E. Nwosu	Non Executive	√	√	√	√	√	5
3.	Ichie Nnaeto Orazulike	Non Executive	√	√	√	√	√	5
4.	Mr. Kayode Olowoniyi	Non Executive	√	√	√	√	√	5
5.	Mr. Stanley Lawson	Independent Director	√	√	√	√	√	5
6.	Alhaji Bashari Gumel	Independent Director	√	√	√	√	√	4
7.	Mr. Reginald Ihejiahi	CEO	√	√	√	√	√	5
8.	Mr. Willie Obiano	Executive Director	√	√	A	√	√	4
9.	Mr. Abdulrahman Esene	Executive Director	√	√	√	A	√	4
10.	Mr. Ik Mbagwu	Executive Director	√	√	√	A	A	3
11.	Mrs. Onome Olaolu	Executive Director	√	√	√	√	√	5
12.	*Mr. John Obi	Executive	NYA	NYA	NYA	NYA	NYA	NYA
13.	*Mrs. Chijioke Ugochukwu	Executive	NYA	NYA	NYA	NYA	NYA	NYA
14.	*Mr. Balarabe L. Mohammed	Executive	NYA	NYA	NYA	NYA	NYA	NYA
15.	*Mr. Nnamdi J. Okonkwo	Executive	NYA	NYA	NYA	NYA	NYA	NYA

√ – Present; A – Apology; NYA – Not Yet Appointed *Appointed after the period under review.

A. SHAREHOLDERS AUDIT COMMITTEE

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

The Shareholders Audit Committee reviews and approves the Bank's financial statements before publication. Membership and Attendance at meetings during the period under review are as follows:

S/N	NAME	DESIGNATION	7th April, 2011	Attendance in 2011
1.	Chief Augustine F. Agorua, JP	Chairman-Shareholder	1	1
2.	Dr. Christian S. Nwinia	Member- Shareholder	1	1
3.	Mr. Chidi Agbapu	Member- Shareholder	1	1
4.	Mrs. Bessie Ejeckam	Member- Non Executive Director	1	1
5.	Chief Nnamdi I. Oji	Member- Non Executive Director	0	0
6.	Arc. A.W.U. Okam	Member- Non Executive Director	1	1

B. GENERAL MEETINGS

Shareholders meetings are convened at least once a year through the Annual General Meeting to give all shareholders the opportunity to participate in governance. The Board takes a keen interest in its responsibility to ensure that material developments are communicated to shareholders timely.

The Board is also conscious of regulatory reporting requirements and routinely discloses material information to all stakeholders. To achieve this, the Bank has developed formal structures for information dissemination via direct communication to all interested parties using electronic and print media and its website.

C. MANAGEMENT COMMITTEES

In addition to the Board, Board Committees and the Shareholders' Audit Committee, the Bank's corporate governance objectives are also met through the following Management Committees:

1. Executive Committee:

This Committee is comprised of the Managing Director & Chief Executive Officer and the Executive Directors of the Bank. The Committee meets fortnightly or as required to consider the following key objectives:

a. Determine the strategic planning objectives of the Bank.
b. Review the business plan and ensure that same is in line with agreed objectives.
c. Review the Human Resources and Audit Policy of the Bank.
d. Review all matters that affect the management of the Bank and its staff.

2. Asset & Liability Committee:

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

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

3. Management Credit & Investment Committee:

The Management Credit & Investment Committee is charged with the following key responsibilities amongst others:

a. Review of the Bank's Credit Policy Manual.
b. Establishing Minimum Lending Rate (MLR).
c. Establishing the Prime Lending Rate (PLR).
d. Approving Target Market Definitions (TMD)
e. Approving Risk Asset Acceptance Criteria (RAAC).
f. Approving New Credit Products & Initiatives.
g. Approving Individual Lending Limits subject to confirmation from the Executive Director, Risk Management.
h. Pre-approval of Platform Credits (Product papers).
i. Approving Risk Rating.
j. Approving Inter-Bank and Discount House Placement Limits.
k. Approving Exposures below N500 Million.
l. Approving Credit Portfolio Structures and Market Development.

4. Credit Review Committee:

The Credit Review Committee is charged with the following key responsibilities:

a. Review of the Bank's credit risk portfolio.
b. Review of collateral documentation to ensure compliance with approvals.
c. Review of non-performing loans.
d. Approving recovery strategies for bad loans.
e. Approving portfolio classifications/reclassifications and level of provisioning.
f. Approving interest waivers and loan write offs.

5. Monthly Performance Review Committee:

This Committee meets monthly and is concerned primarily with reviewing the Bank's performance on set targets:

a. Review the Bank's monthly performance.
b. Monitor budget achievement.
c. Assess efficiency of resource deployment in the Bank.
d. Review product performance.
e. Reappraise cost management initiatives.

6. Operational Risk Committee:

This Committee is charged with the following responsibilities:

a. Ensuring full implementation of the Operational Risk Management framework approved by the Board Risk Committee and the Board of Directors within all Business and Support Units.
b. Monitoring the implementation of policies, processes and procedures for managing operational risk in all of the Bank's material products, activities, processes and systems.
c. Ensuring that clear roles and responsibilities for the management of operational risk are defined throughout all levels of the Bank, including all Business and Support Units.
d. Providing support to the Executive Director, Risk Management to ensure that a culture of compliance is entrenched throughout the Bank.

7. Loan Recovery Committee:

The Loan Recovery Committee is charged with the following key objectives:

a. Review performance of Loan Recovery Agents, Receiver/Managers and Legal Firms assigned recovery briefs with the objective of delisting nonperformers.
b. Consider and recommend collateral realization on defaulting accounts.
c. Consider and determine waivers, concessions and propose amounts to be accepted in full and final settlement from defaulting borrowers.
d. Approve interest suspension for non-performing accounts on a case-by-case basis.

GENERAL

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

With the exception of the Executive Committee, Assets & Liability Committee, Management Credit and Investment Committee and Monthly Performance Review Committee, which the Managing Director & Chief Executive Officer chairs, all other Management Committees meetings are presided over by Executive Directors. Management Committee Meetings are held fortnightly or monthly per the terms of reference of each Committee or as the need arises.
The Bank diligently submits its financial reports quarterly, half yearly and annually to the Securities & Exchange Commission and to the Nigerian Stock Exchange for publication following approval by the CBN.

Directors' Responsibilities

for Annual Financial Statements

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 at the end of the year, and of the profit or loss for that year, and which comply with the provisions of the Companies and Allied Matters Act, CAP C20 LFN 2004 and the Banks and Other Financial Institutions Act, CAP B3 LFN 2004.

In so doing they do ensure that:

- proper accounting records are maintained;
- internal control procedures are instituted which, as far as is reasonably possible, safeguard the assets and prevent and detect fraud and other irregularities;
- applicable accounting standards are followed;
- suitable accounting policies are adopted and consistently applied;
- judgements and estimates made are reasonable and prudent; and
- the going concern basis is used, unless it is inappropriate to presume that the company will continue in business.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates in conformity with:

- Nigerian Accounting Standards Board.
- Prudential Guidelines for Licensed Banks
- Relevant Circulars issued by the Central Bank of Nigeria
- Requirements of the Banks and Other Financial Institutions Act
- Requirements of the Companies and Allied Matters Act.

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

Director

Director

REPORT OF THE EXTERNAL CONSULTANT ON THE APPRAISAL OF THE BOARD OF DIRECTORS

In compliance with the Central Bank of Nigeria (CBN) Code of Corporate Governance for Banks in Nigeria Post Consolidation ("the CBN Code"), Fidelity Bank Pic ("the Bank") engaged KPMG Advisory Services to carry out an appraisal of the Board of Directors ("the Board") for the year ended 31 December 2011. The CB Code mandates an annual appraisal of the Board and individual Directors with specific focus on the Board's structure and composition, responsibilities, processes and relationships, individual director competencies and respective roles in the performance of the Board.

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

Our approach to the appraisal of the Board involved a review of the Banks key corporate governance structures, policies and practices. This included the review of the corporate governance framework and representations obtained during one-on-one interviews with the members of the Board and management.

We also reviewed the Bank's corporate governance report prepared by the Board and included in the Annual Report for the year ended 31 December 20 II, and assessed the level of compliance of the Board with the CBN Code.

On the basis of our review, except as noted in the report, the Bank's corporate governance practices are largely in compliance with the key provisions of the CBN Code. Specific recommendations for improving the Bank's governance practices have been articulated and included in our detailed report to the Board.

The key areas for improvement identified include Board Committees' effectiveness, Structure of the Directors' Remuneration and Directors' Training.

Olumide Olayinka
Partner, KPMG Advisory Services
26 April 2012

FIDELITY
Fidelity Bank Plc (RC. 103022)

Helping Hands Programme - Serving our Communities

in Pictures

DONATION OF FOODSTUFF AND APPLIANCES TO S.O.S VILLAGE ISOLO,LAGOS, RED CROSS ORPHANAGE, MAKOKO,LAGOS,

DONATION OF A TOYOTA COROLLA CAR, HOUSEHOLD APPLIANCES AND FOODSTUFF TO NGWA RD MOTHERLESS BABIES HOME, ABA, ABIA STATE

DONATION OF WATER TREATMENT EQUIPMENT TO LIVING FOUNTAIN ORPHANAGE ONIRU LEKKI, LAGOS STATE

DONATION OF ONE MILLION NAIRA TO SEBECCLY CANCER FOUNDATION LAGOS.

Fidelity Bank has a unique platform for Corporate Social Responsibility (CSR) called Fidelity Helping Hands Programme (FHHP). The Helping Hands Programme encourages staff of the bank to be responsible and supportive members of the communities in which the bank operates. Through this initiative, the staff in branches and various departments identify programmes and projects which they raise money to sponsor, assisted by the Head Office. The Bank uses this programme to raise a generation of corporate executives who love, serve and support society. Here are some projects which staff of the Bank, have executed recently.

PACELLI SCHOOL FOR THE BLIND SURULERE, LAGOS, RED CROSS ORPHANAGE, OWERRI, IMO STATE.

RENOVATION OF GREEN PASTURE ORPHANAGE, KANO

RENOVATION OF AMBROSE ALLI PRIMARY SCHOOL CLASSROOM BLOCKS, EKPOMA, EDO STATE

DONATION OF WHEEL CHAIRS AND FOODSTUFF TO MODUPE COLE SPECIAL SCHOOL, AKOKA, YABA, LAGOS

RENOVATION OF 2 CLASSROOMS AT ABDUL RASHID RAJI SPECIAL SCHOOL, SOKOTO GBENGA SAYS THANK YOU TO FIDELITY

RENOVATED CLASSROOM AT ABDUL RASHID RAJI SPECIAL SCHOOL; TEAM FIDELITY AND STUDENTS OF ABDUL RASHID RAJI SPECIAL SCHOOL SOKOTO

DONATION OF HOME APPLIANCES AND FOODSTUFF AT STELLA OBASANJO MOTHERLESS BABIES HOME ABEOKUTA. DONATION OF TV'S, DVD PLAYERS, WASHING MACHINE AND FOODSTUFF AT MODUPE COLE SPECIAL SCHOOL BY NEW STAFF OF THE BANK (INDUCTION CLASS OF APRIL 2012)

DONATION OF MECHANIZED BORE HOLE TO PLATEAU STATE POLYTECHNIC BARKIN LADI JOS

DONATION OF BORE HOLE TO POLICE OFFICERS MESS, UYO, AKWA IBOM STATE

BORE HOLE AT POLICE OFFICERS MESS, UYO, AKWA IBOM STATE


AT MODUPE COLE SPECIAL SCHOOL


ENVIRONMENTAL ADVOCACY: WALK FOR NATURE WITH THE NIGERIAN CONSERVATION FOUNDATION



DONATION OF COMPUTERS WITH SPEECH ENABLED SOFTWARE FOR BLIND STUDENTS AT COLLEGE OF EDUCATION NSUGBE ANAMBRA STATE


DONATION OF THERMAL MACHINES AND OXYGEN CONCENTRATORS TO THE MASSEY STREET CHILDRENS HOSPITAL LAGOS ISLAND

DONATED BOREHOLE AND RENOVATED PUBLIC TAP AT AFOKANG PRISONS CALABAR

DONATED BOREHOLE AND RENOVATED PUBLIC TAP AT AFOKANG PRISONS CALABAR

RENOVATION OF TOILET FACILITY AT CHILDRENS WARD, MILITARY HOSPITAL YABA, LAGOS

WITH CHILDREN AT NGWA RD MOTHERLESS BABIES HOME ABA

ERNST & YOUNG
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email: pkfnig@hyperia.com

Report of the Independent Joint Auditors

TO THE MEMBERS OF FIDELITY BANK PLC

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Fidelity Bank Plc and its subsidiaries, set out on pages 62 to 113 which comprise the consolidated balance sheet as at 31 December 2011, and the consolidated income statement, and statement of cash flows for the year then ended, a summary of significant accounting policies and other financial information.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Companies and Allied Matters Act, Cap C20, LFN 2004, and the Banks and Other Financial Institutions Act CAP B3 LFN 2004, for such internal controls as the Directors determine are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Fidelity Bank Plc and its subsidiaries as at 31 December 2011 and of their financial performance and cash flows for the year then ended. Fidelity Bank Plc and its subsidiaries have kept proper books of account, which are in agreement with the consolidated balance sheet and income statement, in the manner required by the Companies and Allied Matters Act, Cap C20, LFN 2004, and in accordance with the Statements of Accounting Standards issued by the Financial Reporting Council of Nigeria.

Report on Compliance with Banking Regulations

We confirm that our examination of loans and advances was carried out in accordance with the Prudential Guidelines for licensed banks issued by the Central Bank of Nigeria.

In accordance with circular BSD/1/2004 issued by the Central Bank of Nigeria, details of insider-related credits are disclosed in Note 30.

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, so far as appears from our examination of those books;

iii) the Bank's balance sheet and profit and loss account are in agreement with the books of account.

iv) Our examination of loans and advances was carried out in accordance with the Prudential Guidelines for licensed banks issued by the Central Bank of Nigeria

Compliance to circular on the expansion of the existing ATM helpdesk for handling Consumer Complaints

The Bank complied with the Provisions of the Circular: FPR/DIR/CIR/GEN/01/020 dated 16 August 2011, on handling Consumer complaints. The details are stated in the Financial Statements.

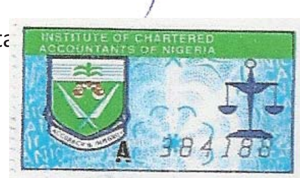
Contraventions

The bank did not contravene any section of the BOFIA Act during the year under review.

Ernst & Young

PKF

Chartered Accounta
Lagos, Nigeria
March 2012



Chartered Accountants
Lagos, Nigeria
March 2012

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 2011

The principal accounting policies adopted in the preparation of these financial statements are set out below:

a) Basis of preparation

These financial statements are the consolidated financial statements of Fidelity Bank Plc, a company incorporated in Nigeria on 19 November, 1987 and its subsidiaries (hereinafter collectively referred to as “the Group”). The financial statements are prepared under the historical cost convention modified by the revaluation of certain investment securities, property, plant and equipment, and comply with the Statement of Accounting Standards issued by the Financial Reporting Council of Nigeria.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the directors’ best knowledge of current events and actions, actual results ultimately may differ from those estimates.

b) Consolidation

Subsidiary undertakings, which are those companies in which the Bank, directly or indirectly, has an interest of more than half of the voting rights or otherwise has power to exercise control over their operations, have been consolidated. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Bank. Separate disclosure is made for minority interest.

The acquisition method is used to account for business combinations. The cost of an acquisition is measured as the market value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their market values at acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the value of the Group’s share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the value of the net assets of the subsidiary acquired, the difference is recognized directly in the profit and loss account.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

c) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns different from those of segments operating in other economic environments.

Segment information is presented in respect of the bank's and group's business segments. The business segments are determined by management based on the Company's internal reporting structure.

Segment results, assets and liabilities include items directly attributable to segment as well as those that can be allocated on a reasonable basis.

d) Foreign currency translation

i. Reporting currency
The consolidated financial statements are presented in Nigerian Naira, which is the Bank's reporting currency.

ii. Transactions and balances
Foreign currency transactions are translated into the reporting currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

e) Recognition of income

(i) Interest income and interest Expense
Interest income including interest earned on investment securities are recognised on an accrual basis for all interest bearing instruments, except for interest overdue by more than 90 days, which is suspended and recognized only to the extent of cash received.

(ii) Fees, Commission and Other income
Fees and commissions, where material is amortized over the life of the related service. Otherwise fees, commissions and other income are recognized as earned upon completion of the related service.

(iii) Lease Finance Income
Income from advances under finance leases is recognized on a basis that provides a constant yield on the outstanding principal over the lease term.

(iv) Dividend Income
Dividends are recognized in the income statement when the entity's right to receive payment is established.

f) Provision against credit risk

Provision is made in accordance with the Prudential Guidelines for Licensed Banks issued by the Central Bank of Nigeria for each account that is not performing in accordance with the terms of the related facility as follows:

1. Facilities other than specialized loans

Interest and/or principal outstanding for over:	Classification:	Minimum Provision:
90 days but less than 180 days	Substandard	10%
180 days but less than 360 days	Doubtful	50%
360 days and over	Lost	100%

2. Specialised loans

a. Project finance, commercial and real estate

Interest and or principal that is outstanding for	Classification	Minimum Provision%
More than 180 days	Watchlist	0
180 days to 1 year	Substandard	25
1 year to 2 years	Doubtful	50
2 years to 3 years	Very Doubtful	75
Over 3 years	Lost	100

b. SME and short term loans

Interest and or principal that is outstanding for	Classification	Minimum Provision%
More than 90 days from due date	Watchlist	0
90 days to 1 year ,, ,, ,,	Substandard	25
1 year to 1.5 years ,, ,, ,,	Doubtful	50
1.5 years to 2 years ,, ,, ,,	Very Doubtful	75
Over 2 years ,, ,, ,,	Lost	100

c. Long Term Loan

Interest and or principal that is outstanding for	Classification	Minimum Provision%
More than 90 days from due date	Watchlist	0
90 days to 1 year ,, ,, ,,	Substandard	25
1 year to 2 years ,, ,, ,,	Doubtful	50
2 years to 3 years ,, ,, ,,	Very Doubtful	75
Over 3 years ,, ,, ,,	Lost	100

d. Mortgage

Interest and or principal that is outstanding for	Classification	Minimum Provision%
More than 90 days from due date	Watchlist	0
More than 180 days ,, ,, ,,	Substandard	10
More than 1 year ,, ,, ,,	Doubtful	Unprovided balance not to exceed 50% of net realisable value of security
Over 2 years ,, ,, ,,	Lost	100

In addition, a provision of 1% minimum is made for all performing accounts to recognize losses in respect of risks inherent in any credit portfolio.

When a loan is deemed not collectible, it is written off against the related provision for impairments and subsequent recoveries are credited to the profit and loss account.

Risk assets such as guarantees and contingencies in respect of which a previous provision was not made are written directly to the profit and loss account when they are deemed to be not collectible.

3. Hair Cut Adjustment

The Bank has a process of collateral adjustments in loan provisioning where the quality and realisability of collateral pledged against loan facilities are considered. For collateral to be considered for "Hair Cut adjustment", it must be:

i. Perfected
ii. Realisable with no restriction on sale
iii. Regularly valued with transparent method of valuation.

If facilities on which haircut adjustments have been applied to reduce its provisions remain non-performing after one year, the haircut adjustments will be disregarded.

g) Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

h) Investment securities

The Group categorizes its investment securities into the following categories: short term investments and long-term investments. Investment securities are initially recognized at cost and management determines the classification at initial investment.

i. Short term investments

Short-term investments are investments held temporarily in place of cash and which can be converted into cash when current financing needs make such conversion desirable. In addition, management intends to hold such investment for not more than one year.

Short-term investments are subsequently re-measured at the lower of cost and market value (*quoted bid prices*). The amount by which cost exceeds market value (unrealized loss) is charged to the profit and loss account for the period.

ii. Long term investments

Long-term investments are investments held by management over a long period of time to earn income. Long-term investments may include debt and equity securities.

Long-term investments are carried at cost less impairment. An investment is impaired if its carrying amount is greater than its estimated recoverable amount. The amount of the impairment loss for assets carried at amortized cost is calculated as the difference between the asset's carrying amount and the market value.

Interest earned whilst holding investment securities is reported as interest income. Dividends receivable are included separately in dividend income when a dividend is declared. A change in market value of investment securities is not taken into account unless it is considered to be permanent.

i) Investments in subsidiaries

Investments in subsidiaries are carried in the company's balance sheet at cost less provisions for impairment losses. Where, in the opinion of the Directors, there has been impairment in the value of an investment, the loss is recognized as an expense in the period in which the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit and loss account.

j) Intangible assets

Intangible assets consist of computer software and the costs associated with development of software for internal use. Costs that are directly associated with the production of identifiable and unique software products which are controlled by the Company and which will probably generate economic benefits exceeding costs are recognized as intangible assets. These costs are amortized on the basis of straight line at the rate of 20%. Costs associated with maintaining software programs are recognized as an expense when incurred.

k) Property and equipment

All property and equipment are initially recorded at cost. They are subsequently stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

Construction cost in respect of offices is carried at cost as work in progress. On completion of construction, 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. No depreciation is charged until the assets are put into use.

Depreciation is calculated on a straight-line basis to write down the cost of property and equipment to their residual values over their estimated useful lives as follows:

Motor vehicles	-	25%
Office equipment	-	20%
Furniture and fittings	-	20%
Computer hardware and equipment	-	20%
Leasehold land & buildings	-	Over the lease period
Leasehold improvement	-	Over the unexpired lease term

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's value less costs to sell and value in use.

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the profit and loss account for the year.

l) Leases

The Group classifies a lease as a finance lease if the following conditions are met:

a) lease is non-cancelable, and
b) any of the following is applicable:
   i. the lease term covers substantially (80% or more) the estimated useful life of the asset or,
   ii. the net present value of the lease at its inception using the minimum lease payments and the implicit interest rate is equal to or greater than the fair value of the leased asset or,
   iii. the lease has a purchase option which is likely to be exercised.

A lease that does not qualify as a finance lease as specified above is treated as an operating lease. A Group company can be a lessor or a lessee in either a finance lease or an operating lease

A Group company is the lessor

When assets are held subject to a finance lease, the transactions are recognized in the books of the Group at the net investment in the lease. Net investment in the lease is the gross investment in the lease discounted at the interest rate implicit in the lease. The gross investment is the sum of the minimum lease payments plus any residual value payable on the lease. The discount on lease is defined as the difference between the gross investment and the present value of the asset under the lease.

The discount is recognized as unearned in the books of the Group and amortized to income as they are earned over the life of the lease at a basis that reflects a constant rate of return on the Group's net investment in the lease.

Finance leases are treated as risk assets and the net investment in the lease are subject to the provisioning policy listed in (f).

When assets are held subject to an operating lease, the assets are recognized as property and equipment based on the nature of the asset and the Group's normal depreciation policy for that class of asset applies.

Lease income is recognized on a straight line basis over the lease term. All initial direct costs associated with the operating lease are charged as incurred to the profit and loss account.

m) Cash and cash equivalents

Cash comprises cash on hand and demand deposits denominated in Naira and to foreign currencies. Cash equivalents are short-term, highly liquid instruments, which are:

a) readily convertible into cash, whether in local or foreign currency; and
b) so near to their maturity dates as to present insignificant risk of changes in value as a result of changes in interest rates.

n) Provisions, contingent liabilities and contingent assets

Provisions are liabilities that are uncertain in timing or amount.

Provisions are recognized when: the Group 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.

Provisions are normally made for restructuring costs and legal claims. In addition, general provisions are made on performing risk assets balances in accordance with the Prudential Guidelines for Licensed Banks. Risk assets comprise of loans and advances, advances under finance leases, etc.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or the Group has a present obligation as a result of past events but is not recognized because it is not likely that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated.

Contingent liabilities normally comprise of legal claims under arbitration or court process in respect of which a liability is not likely to eventuate.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

A contingent asset is never recognized rather they are disclosed in the financial statements when they arise.

o) Retirement benefits

The Group has both defined benefit and defined contribution plans.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. For defined contribution plans, the Group makes contributions on behalf of qualifying employee to a mandatory scheme under the provisions of the Pension Reform Act of 2004. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available. Payments are made by Pension Fund Administration Companies who are appointed by respective staff of the group. The total contribution by the employer and employee is 15% with each contributing 7.5% each of certain designated allowances.

p) Taxation

(i) Income tax

Income tax payable on profits, based on the applicable tax law in each jurisdiction, is recognized as an expense in the period in which the related profits arise. The tax effects of income tax losses available for carry forward are recognized as an asset when it is probable that taxable profits will be available against which these losses can be utilized.

(ii) Deferred tax

Deferred income tax is provided using the liability method for all timing differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

The principal timing differences arise from depreciation of property, plant and equipment, provisions for pensions and other post-retirement benefits, provisions for loan losses and tax losses carried forward. The rates enacted or substantively enacted at the balance sheet date are used to determine deferred income tax. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss.

Deferred tax assets are recognized where it is probable that future taxable profit will be available against which the timing differences can be utilized.

q) Ordinary Share capital

i. Share issue costs

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

ii. Dividends on ordinary shares

Dividends on ordinary shares are appropriated from revenue reserve in the period they are approved by the Bank's shareholders.

Dividends for the year that are approved by the shareholders after the balance sheet date 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 1990.

r) Off-balance sheet transactions

Contingent liabilities arising from guaranteed commercial papers, letters of credit (clean line), performance bonds and guarantees issued on behalf of customers in the ordinary course of business are reported off-balance sheet in recognition of the risk inherent in those transactions.

Transactions that are not currently recognized as assets or liabilities in the balance sheet but which give rise to credit risks, contingencies and commitments are reported off balance sheet. Such transactions include letters of credit, bonds, guarantees, indemnities, acceptances, trade related contingencies such as documentary credit etc
Outstanding and unexpired commitments at the year end in respect of these transactions are shown by way of note to the financial statements.
Income on these transactions is recognized as earned on issuance of the bond or guarantee.

Financial
Statements

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	Group 31 December 2011 N'million	31 December 2010 N'million	Bank 31 December 2011 N'million	31 December 2010 N'million
Gross earnings		**70,048**	56,049	**69,572**	55,623
Interest and similar income	3	**48,056**	40,055	**48,186**	40,102
Interest and similar expense	4	**(18,979)**	(13,515)	**(19,008)**	(13,721)
Net interest income		**29,077**	26,540	**29,178**	26,381
Fee and commission income	5	**12,532**	8,460	**12,067**	8,356
Fee and commission expense		**(43)**	(457)	**(43)**	(457)
Net fee and commission income		**12,489**	8,003	**12,024**	7,899
Foreign exchange income		**6,814**	5,243	**6,814**	5,243
Income from investments	6	**1,166**	760	**1,061**	658
Other income		**1,480**	1,531	**1,444**	1,264
		9,460	7,534	**9,319**	7,165
Operating income		**51,026**	42,077	**50,521**	41,445
Operating expenses	7	**(38,878)**	(29,857)	**(38,387)**	(29,235)
Diminution in asset values	14	**(4,477)**	(3,569)	**(3,913)**	(3,885)
Profit on ordinary activities before taxation		**7,671**	8,651	**8,221**	8,325
Taxation	8	**(2,310)**	(2,543)	**(2,262)**	(2,497)
Profit after taxation		**5,361**	6,108	**5,959**	5,828
Non-controlling interest	26	**107**	(132)	**-**	-
Profit attributable to the shareholders		**5,468**	5,976	**5,959**	5,828
Appropriated as follows:					
Statutory reserve	28	**1,788**	1,749	**1,788**	1,749
Retained earnings reserve	28	**3,680**	4,227	**4,171**	4,079
		5,468	5,976	**5,959**	5,828
Earnings per share (basic) - (kobo)	33	**19**	21	**21**	20

The accounting policies on pages 62 to 70 and the notes on pages 75 to 101 form an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2011

	Note	Group 31 December 2011 N'million	31 December 2010 N'million	Bank 31 December 2011 N'million	31 December 2010 N'million
Assets					
Cash and balances with central banks	9	**82,271**	25,505	**82,271**	25,505
Treasury bills	10	**149,986**	31,664	**149,986**	31,659
Due from other banks	11	**98,398**	148,388	**98,399**	148,389
Loans and advances to customers	12	**256,902**	159,561	**255,257**	158,516
Advances under finance lease	15	**25,822**	39,598	**25,822**	39,598
Insurance receivables	16	**73**	24	**73**	24
Investment securities	17	**91,375**	43,785	**89,776**	41,006
Investment in subsidiaries	18	**-**	-	**1,915**	815
Other assets	20	**9,021**	7,623	**9,183**	7,315
Intangible assets	21	**67**	195	**59**	177
Property and equipment	21.1	**27,026**	25,272	**26,767**	25,016
		740,941	481,615	**739,508**	478,020
Liabilities					
Customer deposits	22	**560,365**	326,741	**561,089**	327,351
Income tax payable	8	**2,660**	1,570	**2,613**	1,515
Other liabilities	23	**32,721**	12,667	**31,744**	10,251
Deferred tax liabilities	24	**1,072**	1,592	**1,071**	1,590
Retirement benefit obligations	25	**6,641**	2,867	**6,641**	2,867
		603,459	345,437	**603,158**	343,574
Equity					
Ordinary share capital	27	**14,481**	14,481	**14,481**	14,481
Share premium account	27	**101,272**	101,272	**101,272**	101,272
Statutory reserve	28	**12,244**	10,456	**12,244**	10,456
Retained earnings	28	**6,803**	7,178	**5,722**	5,606
Reserve for small/medium scale industries	28	**764**	764	**764**	764
Capital reserve	28	**1,795**	1,902	**1,867**	1,867
		137,359	136,053	**136,350**	134,446
Non-controlling interest	26	**123**	125	**-**	-
		137,482	136,178	**136,350**	134,446
Total equity and liabilities		**740,941**	481,615	**739,508**	478,020
Acceptances and guarantees	29	**118,335**	80,590	**118,335**	80,590

The consolidated financial statements on pages 62 to 113 were approved by the Board of Directors on 28 March, 2012 and signed on its behalf by:

Chairman

Managing Director

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	Group 31 December 2011 N'million	31 December 2010 N'million	Bank 31 December 2011 N'million	31 December 2010 N'million
Cash flows from operating activities					
Cash flows from operations	32	**183,076**	25,662	**185,210**	25,820
Tax paid	8	**(1,739)**	(948)	**(1,683)**	(883)
VAT input		**216**	127	**216**	127
VAT output		**(273)**	(191)	**(273)**	(191)
Net cash provided by operating activities		**181,280**	24,650	**183,471**	24,874
Cash flows from investing activities					
Purchase of short term investments	17.1b	**(96)**	-	**-**	-
Purchase of long term investments	17.2	**(51,994)**	(2,433)	**(51,994)**	(2,433)
Disposal of short term investments		**1,171**	-	**-**	-
Redemption/Disposal of investments	17.2	**2,996**	1,871	**2,996**	1,871
Additional investment in subsidiaries	18	**-**	-	**(1,100)**	-
Dividend received		**1,001**	683	**930**	636
Proceeds from sale of investments		**130**	487	**129**	158
Purchase of property, plant and equipment	21	**(5,478)**	(3,606)	**(5,394)**	(3,578)
Proceeds from sale of property and equipment		**142**	76	**119**	59
Net cash used in investing activities		**(52,128)**	(2,922)	**(54,314)**	(3,287)
Cash flows from financing activities					
Dividend paid to shareholders	28	**(4,055)**	(724)	**(4,055)**	(724)
Net cash used in financing activities		**(4,055)**	(724)	**(4,055)**	(724)
Increase/(Decrease) in cash and cash equivalents		**125,098**	21,004	**125,103**	20,862
Cash and cash equivalent 1 January		**205,557**	184,552	**205,553**	184,691
Cash and cash equivalent 31 December	35	**330,655**	205,557	**330,656**	205,553

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

1. The Bank

1.1 Legal form

The bank was incorporated as a private limited liability company on 19 November 1987. It obtained a merchant banking licence on 31 December 1987 and commenced banking operations on 3 June 1988. The bank converted to a commercial bank on 16 July 1999 and re-registered as a public limited company on 10 August 1999. The bank obtained its universal banking licence on 6 February 2001. The shares are quoted on the Nigerian Stock Exchange.

Following the banking industry consolidation program announced in July 2004, Fidelity Bank Plc combined its business operations with former FSB International Bank Plc and former Manny Bank Plc with effect from 1 January 2006.

1.2 Principal Activities

The bank is involved in all aspects of commercial banking business.Investments and capital market operations and Pension funds management. The Bank has two subsidiaries as analysed below:

	%
Fidelity Securities Ltd	85.39
Fidelity Pension Managers Ltd	61

2. Segment analysis

a) ***By geographical segment***

The Group's business was wholly carried out in Nigeria during the year under review.

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

Funds are ordinarily allocated between segments, resulting in funding cost transfers disclosed in operating income. Interest charged for these funds is based on the Group's cost of capital. There are no other material items of income or expense between the business segments.

Internal charges and transfer pricing adjustments have been reflected in the performance of each segment. Revenue sharing agreements are used to allocate external customer revenues to a segment on a reasonable basis.

	Nigeria 31 December 2011 N'million	**Nigeria 31 December 2010 N'million**
Internal revenues	**70,048**	56,049
Revenues from other segments	**-**	-
	70,048	56,049
Operating profit	**51,026**	42,077
Profit before tax	**7,671**	8,651
Income tax expense	**(2,310)**	(2,543)
Profit for the year	**5,361**	6,108
Total segment assets	**740,941**	481,615
Total segment liabilities	**603,459**	345,437
Other segment items		
Depreciation	**3,203**	2,845
Amortisation	**128**	127

b) ***By business segment***

Business segments are distinguishable components of the Group with services that are used by management for its internal reporting purpose. Each business segment operates with a degree of autonomy in pursuing its strategic goals, managing operations and ensuring accountability though in tandem with the Group's policies. Each of the business segments has its separate planning, administration and financial reporting system as an independent entity. Segment financial information is evaluated regularly by management so as to evaluate the performance and returns on the allocation of financial and other resources.

The Group is divided into the following business units:

- Retail and corporate banking:
Offering a comprehensive range of retail, personal, commercial and corporate banking services and products to individuals, small business customers, corporate, medium and large business customers.

- Investment and capital market operations:
This provides investment and capital market services to both individual and institutional investors.

- Pension funds management:
This provides individuals and financial institutions with pension funds management and advisory services.

	Retail & Corporate Banking N'million	**Pension** Fund Management N'million	**Investment** & Capital Market N'million	Net Consol Adjustment N'million	2011 N'million	2010 N'million
At 31 December						
Internal revenues	69,572	187	539	(250)	**70,048**	56,049
Revenues from other segments	-	-	-	-	**-**	-
Total	69,572	187	539	(250)	**70,048**	56,049
Operating profit/(loss)	50,521	(34)	(593)	1,132	**51,026**	42,077
Profit/(loss) before tax	8,221	(34)	(593)	79	**7,671**	8,651
Income tax expense	(2,262)	-	(47)	-	**(2,310)**	(2,543)
Profit for the year	**5,959**	**(34)**	**(640)**	**79**	**5,361**	6,108
At 31 December						
Total segment assets	**739,508**	**367**	**2,985**	**(1,916)**	**740,941**	481,615
Total segment liabilities	**603,158**	**297**	**2,337**	**(2,334)**	**603,459**	345,437
Other segment information						
Depreciation	3,147	24	32	-	**3,203**	2,845
Amortization	118	10	-	-	**128**	127

	Group 31 December 2011 N'million	31 December 2010 N'million	Bank 31 December 2011 N'million	31 December 2010 N'million

3. Interest and similar income

Bank sources				
Placements	**7,093**	3,243	**7,093**	3,250
Treasury bills and investment securities	**11,070**	6,261	**11,070**	6,261
Non-bank sources				
Loans and advances	**26,747**	27,962	**26,923**	28,002
Advances under finance leases	**3,146**	2,589	**3,100**	2,589
	48,056	40,055	**48,186**	40,102
Interest income earned in Nigeria	**48,056**	40,055	**48,186**	40,102

4. Interest and similar expense

Bank sources				
Inter-bank takings	**757**	523	**757**	521
Non-bank sources				
Current accounts	**1,093**	793	**1,093**	959
Savings accounts	**731**	536	**731**	536
Time deposits	**16,398**	11,663	**16,427**	11,705
	18,979	13,515	**19,008**	13,721

5. Net fees and commission income

a. Fees and commission income

Credit related fees	**955**	447	**751**	447
Commission on turnover	**2,763**	2,513	**2,763**	2,513
Commission on off-balance sheet transactions	**70**	13	**70**	13
Remittance fees	**147**	124	**147**	124
Letters of credit commissions and fees	**495**	339	**495**	339
Facility management fee	**1,503**	1,092	**1,490**	1,092
Commission on TC's and foreign bills	**3,224**	2,290	**3,224**	2,290
Other fees and commissions	**3,375**	1,642	**3,127**	1,538
	12,532	8,460	**12,067**	8,356

b. Fees and commission expense

Fees and commission expense relates to banking charges incurred by the Group

	Group 31 December 2011 N'million	31 December 2010 N'million	Bank 31 December 2011 N'million	31 December 2010 N'million

6. Income from investments

Dividend income	**1,001**	683	**930**	636
Profit on sale of securities	**34**	14	**-**	-
Investment income	**131**	63	**131**	22
	1,166	760	**1,061**	658

7. Operating expenses

Staff costs (note 31a)	**19,137**	14,756	**18,857**	14,498
Depreciation (note 21.1)	**3,203**	2,845	**3,147**	2,781
Auditors' remuneration	**84**	73	**75**	65
Directors' emoluments (note 31b)	**207**	222	**197**	194
Loss on disposal of property and equipment	**72**	57	**72**	53
Amortisation of intangible assets	**128**	127	**118**	118
Deposit insurance premium	**1,727**	1,821	**1,727**	1,821
Contract staff expense	**1,579**	1,277	**1,579**	1,277
Computer expense	**1,065**	991	**1,065**	988
Advertisement and promotion	**1,248**	1,019	**1,244**	1,013
Electricity	**757**	568	**751**	568
Repairs and maintenance	**694**	499	**683**	485
Security expenses	**848**	804	**843**	804
Cash movement expenses	**317**	351	**317**	351
Other operating expenses	**7,812**	4,447	**7,712**	4,219
	38,878	29,857	**38,387**	29,235

8. Taxation

Charge				
Current tax	**2,461**	794	**2,418**	754
Education tax	**285**	70	**282**	70
Technology levy	**83**	89	**81**	83
Deferred tax charge (note 24)	**(519)**	1,590	**(519)**	1,590
Charge for the year	**2,310**	2,543	**2,262**	2,497
Payable:				
At 1 January	**1,570**	1,565	**1,515**	1,491
Tax paid	**(1,739)**	(948)	**(1,683)**	(883)
Income tax charge	**2,746**	864	**2,700**	824
Technology levy	**83**	89	**81**	83
At 31 December	**2,660**	1,570	**2,613**	1,515

	Group 31 December 2011 N'million	31 December 2010 N'million	Bank 31 December 2011 N'million	31 December 2010 N'million
9. Cash and balances with the Central Bank				
Cash	**39,640**	21,128	**39,640**	21,128
Operating account with the Central Bank	**8,342**	1,528	**8,342**	1,528
Included in cash and cash equivalents (note 35)	**47,982**	22,656	**47,982**	22,656
Mandatory reserve deposits with the Central Bank	**34,289**	2,849	**34,289**	2,849
	82,271	25,505	**82,271**	25,505

Mandatory reserve deposits are not available for use in the Bank's day to day operations.

10. Treasury bills

	Group 31 December 2011 N'million	31 December 2010 N'million	Bank 31 December 2011 N'million	31 December 2010 N'million
Treasury bills	**149,986**	31,664	**149,986**	31,659

Included in Treasury Bills are bills amounting to N14.7billion (31 December, 2010: N4.37billion) held by third parties as collateral for various transactions.

11. Due from other banks

	Group 31 December 2011 N'million	31 December 2010 N'million	Bank 31 December 2011 N'million	31 December 2010 N'million
Current balances with banks within Nigeria	**699**	7,649	**699**	7,649
Current balances with banks outside Nigeria	**67,712**	52,752	**67,712**	52,752
Provision for doubtful bank balances (note11.1)	**(13)**	(13)	**(12)**	(12)
	68,398	60,388	**68,399**	60,389
Placement with other banks and discount houses	**30,000**	88,000	**30,000**	88,000
	98,398	148,388	**98,399**	148,389

Balances with banks outside Nigeria include N6.1billion (Dec,2010: N2.61 billion) which represents the Naira value of foreign currency bank balances held on behalf of customers in respect of letters of credit transactions. The corresponding liability is included in other liabilities. (See Note 23). The amount is not available for the day to day operations of the bank.

	Group 31 December 2011 N'million	31 December 2010 N'million	Bank 31 December 2011 N'million	31 December 2010 N'million
11.1 **Provision for doubtful bank balances**				
At the beginning of the year	**13**	152	**12**	12
Write back/no longer required	**-**	(69)	**-**	-
Write off	**-**	(70)	**-**	-
At the end of the year	**13**	13	**12**	12

	Group		Bank	
	31 December 2011 N'million	31 December 2010 N'million	31 December 2011 N'million	31 December 2010 N'million

12. Loans and advances

Overdrafts	**75,409**	92,957	**76,618**	92,957
Term loans	**190,867**	110,713	**187,338**	109,367
Others	**2,278**	3,361	**2,278**	3,361
	268,554	207,031	**266,234**	205,685
Loan loss provision (note 13a)	**(7,380)**	(24,879)	**(7,403)**	(25,136)
Interest in suspense (note 13b)	**(4,272)**	(22,591)	**(3,574)**	(22,033)
	256,902	159,561	**255,257**	158,516

Cash collateral against advances was N400million (31 December, 2010 : N303 million).

Analysis by security				
Secured against real estate	**18,426**	19,240	**21,179**	19,672
Secured by shares of quoted companies	**1,318**	2,319	**1,318**	2,319
Otherwise secured	**248,769**	183,244	**243,701**	181,487
Unsecured	**40**	2,228	**36**	2,207
	268,553	207,031	**266,234**	205,685
Analysis by performance				
Performing	**245,778**	137,580	**245,305**	136,536
Non-performing:				
- substandard non specialized	**5,063**	13,668	**3,574**	13,668
- substandard specialized	**-**	393	**-**	393
- doubtful	**13,127**	18,768	**13,470**	18,768
- lost	**311**	14,030	**311**	14,287
Interest in suspense	**4,273**	22,592	**3,574**	22,033
	268,553	207,031	**266,234**	205,685
Analysis by maturity				
0 - 30 days	**56,379**	50,251	**56,379**	49,924
1 - 3 months	**29,609**	15,938	**29,609**	15,834
3 - 6 months	**35,608**	8,735	**35,608**	8,678
6 - 12 months	**23,451**	57,299	**23,451**	56,926
Over 12 months	**123,506**	74,808	**121,187**	74,323
	268,553	207,031	**266,234**	205,685

Certain non-performing loan and advances amounting N61.224billion were taken over by the Asset Management Corporation of Nigeria in consideration for guaranteed bonds of N42.758billion.

	Group 31 December 2011 N'million	31 December 2010 N'million	Bank 31 December 2011 N'million	31 December 2010 N'million

13. Loan loss provision and interest in suspense

a. Movement in loan loss provision

At 1 January:				
- Non-performing	**24,879**	23,174	**25,136**	23,355
- Performing	**-**	14	**-**	-
	24,879	23,188	**25,136**	23,355
Additional provision:				
- Non-performing	**3,622**	5,393	**3,199**	5,393
- Performing	**2,458**	-	**2,453**	-
Provision no longer required	**(81)**	(14)	**-**	-
Recoveries	**(4,429)**	(1,901)	**(4,316)**	(1,848)
	1,570	3,478	**1,336**	3,545
Amount written off/Eliminated on loans sold to AMCON	**(19,069)**	(1,773)	**(19,069)**	(1,764)
	(17,499)	1,705	**(17,733)**	1,781
At 31 December:				
- Non-performing	**4,922**	24,879	**4,950**	25,136
- Performing	**2,458**	-	**2,453**	-
	7,380	24,879	**7,403**	25,136

b. Movement in interest-in-suspense

At 1 January	**22,591**	11,210	**22,033**	11,073
Suspended during the year	**4,493**	13,032	**4,353**	12,474
Recoveries	**-**	(1,415)	**-**	(1,415)
Amount written off/Eliminated on loans sold to AMCON	**(22,812)**	(236)	**(22,812)**	(99)
At 31 December	**4,272**	22,591	**3,574**	22,033

	Group 31 December 2011 N'million	31 December 2010 N'million	Bank 31 December 2011 N'million	31 December 2010 N'million

14. Diminution in assets value

The charge for the year is analysed as follows:				
Loans and advances – specific (note 13a)	**3,622**	5,393	**3,199**	5,393
Loans and advances – general (note 13a)	**2,458**	-	**2,453**	-
Write back on provisions (note 13a)	**(81)**	(14)	**-**	-
Recoveries on previously written-off accounts (note 13a)	**(4,429)**	(1,901)	**(4,316)**	(1,848)
Loans and advances (note 13)	**1,570**	3,478	**1,336**	3,545
Provision on advances under finance lease (note 15)	**176**	43	**176**	43
Provision for diminution of investments (note 17)	**584**	(448)	**255**	6
Provision for other assets (note 20.1)	**2,146**	566	**2,145**	291
Provision for doubtful cash and cash equivalent (note 11.1)	**-**	(70)	**-**	-
	4,477	3,569	**3,913**	3,885

15. Advances under finance lease

Gross investment	**26,644**	40,592	**26,644**	40,592
Unearned income	**(524)**	(873)	**(524)**	(873)
Net investment	**26,120**	39,719	**26,120**	39,719
Less:				
General provision	**(258)**	-	**(258)**	-
Specific provision	**(40)**	(121)	**(40)**	(121)
	25,822	39,598	**25,822**	39,598
Analysis by performance:				
Performing	**25,775**	39,523	**25,775**	39,523
Non-performing				
- substandard	**334**	79	**334**	79
- doubtful	**7**	8	**7**	8
- lost	**4**	109	**4**	109
	26,120	39,719	**26,120**	39,719
Analysis by maturity				
0 - 30 days	**2**	7	**2**	7
1 - 3 months	**-**	-	**-**	-
3 - 6 months	**-**	-	**-**	-
6 - 12 months	**373**	255	**373**	255
Over 12 months	**25,745**	39,457	**25,745**	39,457
	26,120	39,719	**26,120**	39,719

	Group 31 December 2011 N'million	31 December 2010 N'million	Bank 31 December 2011 N'million	31 December 2010 N'million

15. Advances under finance lease

	Group 31 December 2011 N'million	31 December 2010 N'million	Bank 31 December 2011 N'million	31 December 2010 N'million
Analysis by tenure				
Current portion	**8,105**	12,324	**8,105**	12,324
Long term portion	**18,015**	27,395	**18,015**	27,395
	26,120	39,719	**26,120**	39,719
Movement in advances under finance				
lease provision:				
At 1 January:				
- Non-performing	**121**	78	**121**	78
- Performing	**-**	-	**-**	-
	121	78	**121**	78
Additional provision:				
- Non-performing	**-**	43	**-**	43
- Performing	**257**	-	**257**	-
Provision no longer required	**(81)**	-	**(81)**	-
	176	43	**176**	43
At 31 December:				
- Non-performing	**40**	121	**40**	121
- Performing	**258**	-	**258**	-
	298	121	**298**	121

16. Insurance receivables

	Group 31 December 2011 N'million	31 December 2010 N'million	Bank 31 December 2011 N'million	31 December 2010 N'million
Due from contract holders	**73**	24	**73**	24

	Group		Bank	
	31 December 2011 N'million	31 December 2010 N'million	31 December 2011 N'million	31 December 2010 N'million

17. Investment securities

a *Long term investments*

Debt securities - at cost: Listed				
Neimeth International Pharmaceuticals Plc				
- Debentures(MRR+7.5%,2008)	**3**	3	**3**	3
Crusader Insurance Convertible Debenture(2009)	**301**	301	**301**	301
Federal Government Bonds (note 17.4a)	**30,239**	28,091	**30,239**	28,091
Debt securities - at cost: Unlisted				
AMCON Bond (note 17.4c {ii})	**42,758**	861	**42,758**	861
State Government Bonds (note 17.4b)	**8,645**	3,645	**8,645**	3,645
Equity securities - at cost: Listed				
Afprint Nigeria Plc	**-**	2	**-**	2
Daar Communication plc (market value - N25,926,518)	**259**	259	**259**	259
Dangote Flour Mill (market value - N1,887,500)	**5**	5	**5**	5
Equity securities - at cost: Unlisted				
Nigeria International Growth Fund	**1,897**	1,897	**1,897**	1,897
Investment in Central Security Clearing System	**88**	88	**88**	88
Valu Card Nigeria Plc	**510**	510	**510**	510
Nigeria Interbank Settlement System Plc	**33**	33	**33**	33
African Export and Import Bank	**5**	5	**5**	5
Pioneer Sorting Consortium Limited	**-**	25	**-**	25
East Line Equity Investment in Kezlins Limited	**20**	20	**20**	20
TINAPA Business Resort Limited	**500**	500	**500**	500
African Finance Corporation	**638**	638	**638**	638
Finconneckt	**80**	80	**80**	80
Mayfair	**343**	343	**343**	343
MTN Nigeria	**5,096**	5,096	**5,096**	5,096
SME Partnership LP (note 17.3 iii)	**215**	215	**215**	215
SMIES Investment (note 17.3 iii)	**316**	336	**316**	336
	91,951	42,953	**91,951**	42,953
Provisions for diminution in value (note 17.1)	**(2,175)**	(1,947)	**(2,175)**	(1,947)
	89,776	**41,006**	**89,776**	**41,006**

		Group 31 December 2011 N'million	31 December 2010 N'million	Bank 31 December 2011 N'million	31 December 2010 N'million
17.1	Provision for diminution in value of investment				
	At 1 January	**1,947**	2,042	**1,947**	2,042
	Charge for the year	**255**	6	**255**	6
	Written off	**(27)**	(101)	**(27)**	(101)
	At 31 December	**2,175**	1,947	**2,175**	1,947
b	*Short term investments*				
	Equity securities - at lower of cost or market value				
	Listed	**3,290**	4,461	**-**	-
	Unlisted	**137**	41	**-**	-
		3,427	4,502	**-**	-
	Provision for diminution in value (Note 17.2)	**(1,828)**	(1,723)	**-**	-
		1,599	2,779	**-**	-
17.2	Provision for diminution in value				
	At 1 January	**1,723**	2,177	**-**	-
	Charge for the year	**329**	-	**-**	-
	Write back/no longer required	**(224)**	(311)	**-**	-
	Written off	**-**	(143)	**-**	-
	At 31 December	**1,828**	1,723	**-**	-
	Total investment securities	**91,375**	43,785	**89,776**	41,006
	Movement in long term investments				
	At 1 January	**42,953**	42,391	**42,953**	42,391
	Additions	**51,994**	2,433	**51,994**	2,433
	Redemption of long term bonds	**(2,996)**		**(2,996)**	
	Disposals	**-**	(1,871)	**-**	(1,871)
		91,951	42,953	**91,951**	42,953
	Provision for diminution in value	**(2,175)**	(1,947)	**(2,175)**	(1,947)
	At 31 December	**89,776**	41,006	**89,776**	41,006

17.3 i. The market value of short term investments are Group N3.249billion (Dec, 2010 : N2.489 billion). The market value of long term listed investments are Group N2.576billion (Dec 2010 : N2.234 billion) and Bank N2.576billion (Dec 2010 : N2.234 billion).

ii. Included in listed debt securities is N30.239 billion (Dec, 2010 : N28.091 billion) in various Federal Government of Nigeria Bonds.

iii. The Bank makes investments under the Small and Medium Enterprises Equity Investment Scheme (SMEEIS) per the Policy Guidelines for 2001 Fiscal Year (Monetary Policy Circular No. 35). Included in unlisted long term investments are the bank's investment under the Small and Medium Industries Equity Investment Scheme (SMIEIS). A total of N531 million (Dec. 2010: N551 million) have so far been invested under the scheme. Due to the effective percentage holding of the bank in these companies, some of them qualify as associates. However, they are not consolidated as the bank is not expected to exercise influence, and control is temporary, as the investments are expected to be realised within 5 years.

		Group		Bank	
		31 December 2011 N'million	31 December 2010 N'million	31 December 2011 N'million	31 December 2010 N'million
17.4	Investments in Bond analysis:				
a	Federal Government Bonds				
	Bonds - Held to maturity	**25,167**	24,406	**25,167**	24,406
	Bonds - Available for sale	**1,992**	4,383	**1,992**	4,383
	Bonds - Held for trading	**300**	(734)	**300**	(734)
	Trading Stocks	**27,459**	28,055	**27,459**	28,055
	Pledged bond	**3,300**	861	**3,300**	861
		30,759	28,916	**30,759**	28,916
	Revlauation (loss)/gain	**(520)**	36	**(520)**	36
		30,239	28,952	**30,239**	28,952
b	**State Government Bonds**				
	Bonds - Available for sale-(Lagos State Government)	**3,645**	3,645	**3,645**	3,645
	Bonds - Available for sale-(Ekiti State Government)	**5,000**	-	**5,000**	-
		8,645	3,645	**8,645**	3,645
c	**Asset Management Corporation of Nigeria (AMCON) Bonds**				
	Bonds - Held to maturity	**42,758**	861	**42,758**	861

i. The maturity date of these various Federal Government of Nigeria Bonds and State Government of Nigeria Bond bonds range from December 2011 to July 2030 with interest rates ranging from 4% to 15%.

ii. AMCON Bond relates to bond consideration given to the bank in respect of takeover of certain margin related loan balances amounting to N63.3billion taken over by the Asset Management Corporation of Nigeria on 31 December, 2011 at a discount in accordance with the provisions of AMCON Act.

		%	Group 31 December 2011 N'million	31 December 2010 N'million	Bank 31 December 2011 N'million	31 December 2010 N'million
18.	Investment in subsidiaries					
	Fidelity Securities Limited	85	**-**	-	**2,303**	1,203
	Fidelity Pension Managers	61	**-**	-	**427**	427
			-	-	**2,730**	1,630
	Provision for diminution in value (note 18.1)		**-**	-	**(815)**	(815)
			-	-	**1,915**	815
18.1	Provision for diminution in value					
	At 1 January		**-**	-	**815**	815
	Charge for the year		**-**	-	**-**	-
	At 31 December		**-**	-	**815**	815

i. All the subsidiary companies were incorporated in Nigeria. The results of all the subsidiaries in operation as at date have been consolidated with those of the Bank. The condensed financial statements of the consolidated subsidiaries are included in Note 19.

ii. Fidelity Securities Limited was established as a private limited liability company on 24 October, 1989 and commenced operations in September 1990. It has two wholly owned subsidiaries; FUSL Insurance Brokers Limited and FUSL Nominees Limited. Fidelity Bank PLc became the holding company of the entity. The group is engaged in trading in securities, stocking-broking activities, insurance brokerage and financial advisory services.

iii. Fidelity Pension Managers Limited was incorporated on 22 September, 2004 as Alliance Management Limited. Following the enactment of the Pension Reform Act 2004, Alliance Management obtained Approval in principle on 22 November, 2006 from PENCOM to be registered as Pension Fund Administrator. By a special resolution of the members of the board, the company changed its name to Fidelity Pension Managers Limited on 27 November, 2006. It commenced operations on 19 October, 2007 in five locations - Lagos (Head Office), Awka, Enugu, Port-Harcourt and Abuja. It currently operates from thirty-two locations spread across the country. The company got the approval of Pension Commission (PENCOM) to carry out the business of Pension Fund Administrator.

All the group companies have the same reporting period.

19. Condensed results of consolidated entities

	Fidelity Securities Limited 2011 N'million	Fidelity Pension Manager Limited 2011 N'million	Total 31 December 2011 N'million	Total 31 December 2010 N'million
Condensed profit and loss				
Operating income	335	187	522	476
Operating expenses	(287)	(214)	(501)	(464)
(Provision) write back/ expense	(641)	(7)	(648)	310
(Loss)/Profit before tax	(593)	(34)	(627)	322
Tax	(47)	-	(47)	(46)
(Loss)/Profit for the year	**(640)**	**(34)**	**(674)**	**276**
Condensed Financial position				
Assets				
Due from other banks	498	226	724	613
Loans and advances to customers	522	-	522	1,182
Investment securities	1,592	6	1,598	2,779
Other assets	126	115	241	268
Intangible assests	-	8	8	18
Property and equipment	247	12	259	256
	2,985	**367**	**3,352**	**5,116**
Financed by:				
Due to other banks	1,320	-	1,320	2,351
Current income tax	48	-	48	55
Other liabilities	967	297	1,264	2,416
Deferred income tax liabilities	2	-	2	2
Equity and reserves	648	71	719	292
	2,985	**368**	**3,353**	**5,116**
Condensed cash flow				
Net cash from operating activities	902	59	961	2,285
Net cash from financing activities	275	-	275	275
Net cash from investing activities	(79)	(117)	(196)	(35)
Increase/ (decrease) in cash and cash equivalents	**1,098**	**(58)**	**1,040**	**2,525**
At the beginning of the year	1,919	(178)	1,741	4,266
At the end of the year	(821)	120	(701)	(1,741)
	1,098	**(58)**	**1,040**	**2,525**

	Group 31 December 2011 N'million	31 December 2010 N'million	Bank 31 December 2011 N'million	31 December 2010 N'million

20. Other assets

	Group 31 December 2011 N'million	31 December 2010 N'million	Bank 31 December 2011 N'million	31 December 2010 N'million
Interest and fee receivable	**4,891**	3,519	**4,995**	3,519
Prepayments	**4,484**	4,085	**4,312**	3,657
Accounts receivable	**2,588**	1,485	**2,813**	1,358
Other receivables	**316**	248	**321**	253
	12,279	9,337	**12,441**	8,787
Provision for doubtful receivables (note 20.1)	**(3,258)**	(1,714)	**(3,258)**	(1,472)
	9,021	7,623	**9,183**	7,315

20.1 Movement in provision for doubtful receivables:

	Group 31 December 2011 N'million	31 December 2010 N'million	Bank 31 December 2011 N'million	31 December 2010 N'million
At 1 January	**1,714**	1,230	**1,472**	1,243
Amounts written off	**(602)**	(82)	**(359)**	(62)
Per profit and loss account (note 14)	**2,146**	566	**2,145**	291
At 31 December	**3,258**	1,714	**3,258**	1,472

21 Intangible assets

	Group 31 December 2011 N'million	31 December 2010 N'million	Bank 31 December 2011 N'million	31 December 2010 N'million
At 1 January	**195**	320	**177**	295
Addition **-**	2	**-**	-	
Amortisation	**(128)**	(127)	**(118)**	(118)
Net book value	**67**	195	**59**	177

	At 1 January N'million	Additions N'million	Disposals/ Write-offs N'million	Reclassi-fications N'million	At 31 December N'million
Group					
Cost					
Work in progress	3,921	1,837	(362)	(1,586)	3,810
Leasehold improvements	2,442	667	-	106	3,215
Land and buildings	14,635	493	8	1,282	16,418
Motor vehicles	3,462	1,045	(305)	2	4,204
Office equipment	4,832	635	(64)	48	5,451
Computer hardware	5,814	679	(13)	144	6,624
Furniture & fittings	1,463	122	(22)	4	1,567
	36,569	5,478	(758)	-	41,289

	At 1 January N'million	Additions N'million	Disposals/ Write-offs N'million	Reclassi- fications N'million	At 31 December N'million
21.1 Property and equipment (contd.)					
Accumulated depreciation					
Leasehold improvements	1,252	380	(49)	6	1,589
Land and buildings	1,035	291	(89)	(6)	1,231
Motor vehicles	2,335	698	(294)	-	2,739
Office equipment	2,363	739	343	(1)	3,444
Computer hardware	3,438	898	(123)	1	4,214
Furniture & fittings	873	198	(25)	-	1,046
	11,296	3,203	(237)	-	14,263
Net book value					
Work in progress	3,921				3,810
Leasehold improvements	1,190				1,626
Land and buildings	13,600				15,187
Motor vehicles	1,127				1,465
Office equipment	2,469				2,007
Computer hardware	2,376				2,410
Furniture & fittings	590				521
	25,272				**27,026**
Bank					
Cost					
Work in progress	3,921	1,837	(362)	(1,586)	3,810
Leasehold improvements	2,442	668	(1)	106	3,215
Land and buildings	14,423	447	1	1,282	16,153
Motor vehicles	3,369	1,038	(289)	2	4,120
Office equipment	4,706	604	(1)	48	5,357
Computer hardware	5,812	678	(38)	144	6,596
Furniture & fittings	1,404	122	(5)	4	1,525
	36,077	5,394	(695)	-	40,776
Accumulated depreciation					
Leasehold improvements	1,252	381	(50)	6	1,589
Land and buildings	1,003	279	(102)	(6)	1,174
Motor vehicles	2,240	681	(265)	-	2,656
Office equipment	2,294	724	371	(1)	3,388
Computer hardware	3,430	892	(134)	1	4,189
Furniture & fittings	841	190	(18)	-	1,013
	11,060	3,147	(198)	-	14,009

	At 1 January N'million	Additions N'million	Disposals/ Write-offs N'million	Reclassi-fications N'million	At 31 December N'million
21.1 Property and equipment (contd.)					
Net book value					
Work in progress	3,921				3,810
Leasehold improvements	1,190				1,626
Land and buildings	13,420				14,979
Motor vehicles	1,129				1,464
Office equipment	2,412				1,969
Computer hardware	2,382				2,407
Furniture & fittings	563				512
	25,016				**26,767**

The Group applies the straight line method of depreciation to its property and equipment to allocate the cost of the assets over their estimated economic useful life.

Work in progress represents construction costs in respect of new offices. On completion of construction, the related amounts are transferred to appropriate categories of property and equipment.

	Group 31 December 2011 N'million	31 December 2010 N'million	Bank 31 December 2011 N'million	31 December 2010 N'million
21.2 Equipment on lease				
Cost:				
At 1 January	**222**	222	**222**	222
Reclassified	**-**	-	**-**	-
At 31 December	**222**	222	**222**	222
Depreciation:				
At 1 January	**222**	222	**222**	222
Charge for the year	**-**	-	**-**	-
At 31 December	**222**	222	**222**	222
Net book value:	**-**	**-**	**-**	**-**

	Group 31 December 2011 N'million	31 December 2010 N'million	Bank 31 December 2011 N'million	31 December 2010 N'million

22. Customer deposits

Current deposits	**289,783**	162,612	**289,987**	163,222
Savings deposits	**56,702**	39,862	**56,702**	39,862
Term deposits	**162,718**	90,723	**163,238**	90,723
Domiciliary deposit	**51,162**	33,544	**51,162**	33,544
	560,365	326,741	**561,089**	327,351
Analysis by maturity				
0 - 30 days	**315,504**	236,017	**316,228**	236,627
1-3 months	**187,573**	59,419	**187,573**	59,419
3-6 months	**55,018**	30,126	**55,018**	30,126
6-12 months	**2,205**	1,175	**2,205**	1,175
Over 12 months	**65**	4	**65**	4
	560,365	326,741	**561,089**	327,351

23. Other liabilities

Customers' deposit for letters of credit	**6,149**	2,610	**6,149**	2,610
Interest payable	**3,301**	1,849	**3,301**	1,849
Account payables	**7,854**	5,693	**6,907**	3,310
Manager's cheque	**2,024**	1,326	**2,024**	1,326
Other	**13,393**	1,189	**13,363**	1,156
	32,721	12,667	**31,744**	10,251

24. Deferred taxes

Deferred tax liabilities	**1,072**	1,592	**1,071**	1,590
Movement in deferred taxes:				
At 1 January	**1,592**	3	**1,590**	-
(write back)/Charge for the year	**(519)**	1,590	**(519)**	1,590
Provision no longer required	**(1)**	(1)	**-**	-
At 31 December	**1,072**	1,592	**1,071**	1,590

The computation for deferred taxation as at year end resulted in a liability of N1.822 billion which has been recognised in these financial statements (31 December 2010: asset of N1.590 billion) which was not recognised in these financial statements as there was no reasonable expectation of its realisation.

25. Retirement benefit obligations

	Group 31 December 2011 N'million	31 December 2010 N'million	Bank 31 December 2011 N'million	31 December 2010 N'million
Defined contribution schemes (note 25a)	**115**	116	**115**	116
Defined benefit schemes (note 25b)	**6,526**	2,751	**6,526**	2,751
	6,641	2,867	**6,641**	2,867

a. *Movement in the defined contribution liability* recognised in the balance sheet:

	Group 31 December 2011 N'million	31 December 2010 N'million	Bank 31 December 2011 N'million	31 December 2010 N'million
At 1 January	**116**	281	**116**	281
Charge to profit and loss	**664**	786	**661**	786
Contributions remitted	**(665)**	(951)	**(662)**	(951)
At 31 December	**115**	116	**115**	116

The Group and its employees make a joint contribution of 15% of basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominated Pension Fund Administrators.

b. *Movement in the defined benefit liability* recognised in the balance sheet:

	Group 31 December 2011 N'million	31 December 2010 N'million	Bank 31 December 2011 N'million	31 December 2010 N'million
At 1 January	**2,751**	1,017	**2,751**	1,017
Charge to profit and loss	**4,209**	2,033	**4,209**	2,033
Payment during the year	**(434)**	(299)	**(434)**	(299)
At 31 December	**6,526**	2,751	**6,526**	2,751

The Group operates a defined benefit scheme where qualifying employees receive a lump sum payment based on the number years served after an initial qualifying period of 5 years and gross salary on date of retirement.An actuarial valuation was performed by Alexander Forbes Consulting Actuaries Limited in 2010.

The principal actuarial assumptions used were as follows:

	Group 31 December 2011 N'million	31 December 2010 N'million	Bank 31 December 2011 N'million	31 December 2010 N'million
Discount rate	**12%**	12%	**12%**	12%
Average rate of inflation	**10%**	10%	**10%**	10%
Future salary increases	**10%**	10%	**10%**	10%
	32%	32%	**32%**	32%

	Group 31 December 2011 N'million	31 December 2010 N'million	Bank 31 December 2011 N'million	31 December 2010 N'million

26. Non controlling interest

At beginning of the year	**125**	(99)	**-**	**-**
Consolidation adjustment	**105**	-	-	-
Discontinued operations	**-**	92	**-**	**-**
Transfer from profit and loss	**(107)**	132	**-**	**-**
At end of the year	**123**	125	**-**	**-**

27. Share capital

Authorised:				
32 billion ordinary shares of 50k each	**16,000**	16,000	**16,000**	16,000
Issued and fully paid:				
28,962,585,691 ordinary share of 50k each	**14,481**	14,481	**14,481**	14,481
Share premium				
At 31 December	**101,272**	101,272	**101,272**	101,272

28. Reserves

	Statutory reserve N'million	SMIEIS reserve N'million	Retained earnings N'million	Capital reserve N'million	Total N'million
Group					
At the beginning of the year	10,456	764	7,178	1,902	20,300
Arising during the year	-	-	-	(107)	(107)
Dividend paid	-	-	(4,055)	-	(4,055)
	-				
	10,456	764	3,123	1,795	16,138
Transfer from profit and loss account	1,788	-	3,680	-	5,468
At the end of the year	12,244	764	6,803	1,795	21,606

In respect of the current year ,the Directors proposed that a dividend of 14 kobo per ordinary share will be paid to the shareholders.This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. Dividend to shareholders is now accounted for on the date of declaration as they do not meet the criteria of present obligation in accordance with Statement of Accounting Standard (SAS) 23.The proposed dividend is subject to withholding tax at the appropriate tax rate and is payable to shareholders whose name appear on the Register of Members as at closure date.The total estimated dividend to be paid is N4,054,761,996.

	Statutory reserve N'million	SMIEIS reserve N'million	Retained earnings N'million	Capital reserve N'million	Total N'million
Bank					
At the beginning of the year	10,456	764	5,606	1,867	18,693
Dividend paid	-	-	(4,055)	-	(4,055)
	10,456	764	1,551	1,867	14,638
Transfer from profit and loss account	1,788	-	4,171	-	5,959
At the end of the year	12,244	764	5,722	1,867	20,597

Nigerian banking regulations require the bank to make an annual appropriation to a statutory reserve. As stipulated by Section 16(1) of the Bank and Other Financial Institutions Act of 1991 (amended), an appropriation of 30% of profit after tax is made if the statutory reserve is less than the paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital.

The SMEIS 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 investments in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the first 5 years but banks' contributions shall thereafter reduce to 5% of profit after tax. However, this is no longer mandatory. The small and medium scale industries equity investment scheme reserves are non-distributable.

29. Contingent liabilities and commitments

a. Legal proceedings

The Group in the ordinary course of business is presently involved in Forty-five (45) litigation suits none of which may give rise to any material contingent liability.

The Directors are of the opinion that none of the aforementioned cases is likely to have a material adverse effect on the bank and are not aware of any other pending or threatened claims and litigations.

b. Capital commitments

At the balance sheet date, the bank had capital commitments amounting to N203 million (Dec, 2010:N606million) in respect of authorized and contracted capital projects.

c. Off balance sheet engagements

In the normal course of business, the Group is party to financial instruments with off-balance sheet risk. The instruments are used to meet the credit and other financial requirements of customers. The contractual amounts of the off-balance sheet financial instruments are:

	Group 31 December 2011 N'million	31 December 2010 N'million	**Bank** 31 December 2011 N'million	31 December 2010 N'million
Performance bonds and guarantees	**93,760**	53,631	**93,760**	53,631
Letters of credit	**24,420**	19,574	**24,420**	19,574
On-lending facilities	**155**	7,385	**155**	7,385
	118,335	80,590	**118,335**	80,590

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

30. Related party transactions

A number of banking transactions are entered into with related parties in the normal course of business. These include loans, deposits and foreign currency transactions. The volumes of related-party transactions, outstanding balances at the year end, and relating expense and income for the year are as follows:

a) Risk assets outstanding as at 31 December 2011

Direct credit assets
Included in loans and advances is an amount of N3.800 billion (Dec, 2010 : N3.557 billion) representing credit facilities to companies in which certain directors and shareholders have interests. The balances as at 31 December, 2011 are as follows:

Name of company/individual	Relationship	**Facility** Type	N'million	Status	Security status
Fidelity Securities Limited	Subsidiary	OD	1,209.43	Performing	Negative pledge of Fidelity Securities Limited.
Geolis and Co. Nig. Limited	Dim Elias Nwosu	OD	183.73	Performing	LM over a property at 23, Norman Williams st, Ikoyi and LM over a property at 54, James Robertson S/L both belonging to Chief Elias Nwosu and Chief G.C. Ezebube, Lien on 300M units of blue Chip Companies, Lien on Shipping Documents consigned to the ord.
John Holt Plc	Chief Christopher Ezeh	Term Loan	42.25	Performing	Domiciliation of payment from Zain Nigeria Plc of at least N90M on Site Maintenance and N156M for diesel Supply to Fidelity Bank Plc, Legal ownership of the vehicles to be procured and registered in the name of the bank, Execution of a lease Agreement,Co.
Rossies Textiles Mill Limited	Chief Nnamdi Oji	OD	69.16	Performing	LM on No 172 and No 178 Nnobi Surulere, LM on No.49A Milverton Avenue, Aba, PG and Statement of Networth of Chairman/MD Rossies Textile Mills Ltd, Chief Jonah I. Oji.
The Genesis Restaurant	Ichie Nnaeto Orazulike	Term Loan	1,234.44	Performing	Mortgage debenture over all fixed and floating assets of Genesis. Tripartite legal mortgage among stanchians Nig. Ltd, Genesis Restaurant. Insurance on the financed assets. PG of MD/CEO.
			2,739.02		

30. Related party transactions (contd.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

(a) Risk assets outstanding as at 31 December 2011 (contd.)

Name of company/individual	Relationship	**Facility** Type	N'million	Status	Security status
Balance brought forward			2,739.02		
The Genesis Restaurant	Ichie Nnaeto Orazulike	OD	108.17	Performing	Mortgage debenture over all fixed and floating assets of Genesis. Tripartite legal mortgage among stanchians Nig. Ltd, Genesis Restaurant. Insurance on the financed assets. PG of MD/CEO.
CY Incorporated Nig.Ltd	Onome Olaolu	Lease	192.25	Performing	Legal ownership of financed vehicles. Comprehensive insurance on financed assets. PG of MD/CEO. Domiciliation of contract proceeds.
CY Incorporated Nig.Ltd	Onome Olaolu	OD	57.01	Performing	Legal ownership of financed vehicles. Comprehensive insurance on financed assets. PG of MD/CEO. Domiciliation of contract proceeds.
Associated Haulages (Nig.) Ltd	Mallam Umar Yahaya	Term Loan	8.84	Performing	Lien on trucks and Personal Guarantee.
Associated Haulages (Nig.) Ltd	Mallam Umar Yahaya	OD	30.08	Performing	Legal Mortgage, Lien on trucks, PG, Post Dated Cheques.
Equipment Solutions	Mr. IK Mbagwu	Lease	357.12	Performing	Legal ownership of vehicles, PG, Tripatile Domiciliation agreement and Comprehensive Insurance
Equipment Solutions	Mr. IK Mbagwu	OD	11.70	Performing	Legal ownership of vehicles, PG, Tripatile Domiciliation agreement and Comprehensive Insurance
Finconneckt Nig Ltd	Mr. IK Mbagwu	OD	180.36	Lost	Legal ownership of vehicles, PG, Tripatile Domiciliation agreement and Comprehensive Insurance
Finconneckt Nig Ltd	Mr. IK Mbagwu	OD	301	Lost	Legal ownership of vehicles, PG, Tripatile Domiciliation agreement and Comprehensive Insurance
Esene Abdul-Rahaman	Esene Abdul-Rahman	Term Loan	75.00	Performing	Equitable mortgage and charge on severance benefit
Mr. And Mrs. A.I Mbagwu	Mr. IK Mbagwu	Term Loan	8.00	Performing	Equitable mortgage and charge on severance benefit and all allowances, lien on shares worth N14.4m
Reginald U.Ihejiahi	Reginald U.Ihejiahi	Term Loan	29.45	Performing	Lien on shares, salaries and allowances
			3,800.02		

Mr. Ik Mbagwu has resigned from the Board of Directors of Equipment Solutions Limited.
Finconneckt Limited is a related company to Fidelity Bank Plc. Mr. Ik Mbagwu only represents the Bank on the Board of Directors of the Company. He has no personal, beneficial, equity or other interest whatsoever in the Company. The loan has been reported as lost and fully provisioned by the Bank.

	Group 2011 Number	2010 Number	Bank 2011 Number	2010 Number

31. Employees and directors

a. Employees

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

	Group 2011 Number	2010 Number	Bank 2011 Number	2010 Number
Executive directors	**5**	5	**5**	5
Management	**404**	413	**491**	399
Non-management	**2,912**	3,397	**3,013**	2,802
	3,321	3,815	**3,509**	3,206

Compensation for the above staff (excluding executive directors):

	Group 2011 Number	2010 Number	Bank 2011 Number	2010 Number
Salaries and wages	**14,264**	11,937	**13,987**	11,679
Pension costs:-				
- Defined contribution plans	**664**	786	**661**	786
- Defined benefit plans	**4,209**	2,033	**4,209**	2,033
	19,137	14,756	**18,857**	14,498

The number of employees of the Group, other than directors, who received emoluments in the following ranges (excluding pension contributions), were:

	Group 2011 Number	2010 Number	Bank 2011 Number	2010 Number
N300,001 - N2,000,000	**1,607**	2,114	**1,391**	1,537
N2,000,001 - N2,800,000	**272**	261	**541**	254
N2,800,001 - N3,500,000	**245**	238	**253**	232
N3,500,001 - N4,000,000	**-**	-	**-**	-
N4,000,001 - N5,500,000	**537**	536	**297**	530
N5,500,001 - N6,500,000	**214**	216	**291**	211
N6,500,001 - N7,800,000	**190**	189	**413**	188
N7,800,001 - N9,000,000	**107**	109	**128**	106
N9,000,001 and above	**144**	147	**190**	143
	3,316	3,810	**3,504**	3,201

	Group 31 December 2011 N'million	31 December 2010 N'million	Bank 31 December 2011 N'million	31 December 2010 N'million
b. Directors				
Remuneration paid to the Group's directors was:				
Fees and sitting allowances	**30**	32	**5**	26
Executive compensation	**116**	138	**140**	116
Other director expenses and benefits	**61**	52	**52**	52
	207	222	**197**	194
Fees and other emoluments disclosed above include amounts paid to:				
The chairman	**6**	6	**4**	4
The highest paid director	**31**	31	**31**	31

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

	Number	Number	Number	Number
Below N1,000,000	**-**	-	**-**	-
N1,000,000 - N2,000,000	**22**	21	**9**	8
N2,000,001 - N3,000,000	**-**	-	**-**	-
N5,500,001 - and above	**-**	-	**-**	-
	22	21	**9**	8

32. Cash generated from operations

	Group 31 December 2011 N'million	31 December 2010 N'million	Bank 31 December 2011 N'million	31 December 2010 N'million
Reconciliation of profit after tax to cash generated from operations:				
Profit after tax	5,361	6,108	5,959	5,828
Provision for loan loss	(17,499)	1,705	(17,733)	1,781
Provision for lease loss	176	43	176	43
Interest in suspense	(18,319)	11,381	(18,459)	10,960
Provision for other assets	1,544	484	1,786	229
Movement in provision for investment	333	(549)	228	(95)
Loss on disposal of fixed assets	72	57	72	53
Gain on disposal of investments	(131)	(7)	(131)	(7)
Depreciation	3,203	2,845	3,147	2,781
Amortisation of intangible assets	128	127	118	118
VAT input/output	(57)	(64)	(57)	(64)
Provision for retirement benefit obligations	4,873	2,819	4,870	2,819
Operating (loss)/profit before changes in operating assets and liabilities	(20,315)	24,949	(20,023)	24,447

	Group 31 December 2011 N'million	31 December 2010 N'million	Bank 31 December 2011 N'million	31 December 2010 N'million
(Increase)/Decrease in operating assets:				
Loans to customers, net of loans in acquiree (Note 12)	(61,523)	(12,336)	(60,549)	(9,960)
Advances under finance leases	13,599	(24,539)	13,599	(24,539)
Insurance receivables	(49)	(37)	(49)	(37)
Other assets	(2,942)	130	(3,654)	432
	(50,915)	(36,782)	(50,653)	(34,104)
(Decrease)/Increase in operating liabilities:				
Customer deposits, net of deposits in acquiree (Note 22)	233,624	38,645	233,738	38,543
Accounts payable and others	19,472	(1,445)	20,983	(2,854)
Increase in tax payable	2,310	-	2,262	-
Cash paid to ex staff and remittance to pension fund administrators	(1,099)	296	(1,096)	(211)
	254,307	37,496	255,887	35,478
Cash flows from operations	**183,076**	**25,662**	**185,210**	**25,820**

33. Earnings per share

Basic earnings per share (EPS) is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	Group 31 December 2011 N'million	31 December 2010 N'million	Bank 31 December 2011 N'million	31 December 2010 N'million
Net profit attributable to shareholders (N'million)	**5,361**	**6,108**	**5,959**	**5,828**
	Number	Number	Number	Number
Number of ordinary shares in issue as at year end (millions)	28,962	28,962	28,962	28,962
Time weighted average number of ordinary shares in issue (millions)	28,963	28,963	28,963	28,963
Basic earnings per share (kobo)	**19**	**21**	**21**	**20**

34. Acquisitions and disposals

There were no acquisitions and disposals during the year.

35. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash and non-restricted balances with central banks, treasury bills and other eligible bills, operating account balances with other banks, amounts due from other banks and short-term government securities.

	Group 31 December 2011 N'million	31 December 2010 N'million	Bank 31 December 2011 N'million	31 December 2010 N'million
Cash and balances with central banks	**116,560**	28,354	**116,560**	28,354
(less restricted balances)	**(34,289)**	(2,849)	**(34,289)**	(2,849)
	82,271	**25,505**	**82,271**	**25,505**
Treasury bills and eligible bills	**149,986**	31,664	**149,986**	31,659
Due from other banks	**98,398**	148,388	**98,399**	148,389
	330,655	**205,557**	**330,656**	**205,553**

36. Compliance with banking regulations

a. The bank did not contravene any section of the BOFIA Act during the year under review.

b. Customer Compliants
As directed by the Central Bank of Nigeria in its circulars FPR/DIR/CIR/GEN/01/020 dated 16 August 2011, the bank hereby discloses its Customer complaints for the period from 31 October 2011 to 31 December 2011:

	Number	**Amount** N'million
Resolved compliants	**22**	**4**
Unresolved compliants	**13**	**198**
Escalated to the CBN	**5**	**2,234**
Total compliants	40	2,437

c. Gender Diversity

	Women		Men		
	No	%	No	%	Total
Board	**2**	13	**13**	87	**15**
Management (AGM &Above)	**3**	9	**29**	91	**32**
	5		42		47

37. Events after the balance sheet date

There were no significant post balance sheet events which could have had any material effect on the state of affairs of the company as at 31 December 2011 which have not been provided for in these financial statements.

38. Comparatives

The financial statements are being presented in line with the format prescribed for all Banks in Nigeria by the Central Bank of Nigeria with effect from the year ended 31 December, 2010.

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

FINANCIAL RISK ANALYSIS

FOR THE YEAR ENDED 31 DECEMBER 2011

Performing but past due loans

Loans and advances less than 90 days past due are considered performing, unless other information is available to indicate the contrary. Gross amount of loans and advances by class to customers that were past due but performing were as follows:

	Retail N'million	Corporate N'million	Financial SME N'million	Institutions N'million	Total N'million
At 31 December 2011					
Past due up to 30 days	0.23	1.17	Nil	Nil	1.40
Past due 30 - 60 days	0.01	0.47	Nil	Nil	0.48
Past due 60-90 days	-	0.78	Nil	Nil	0.78
	0.24	**2.42**	**-**	**-**	**2.66**
At 31 December 2010					
Past due up to 30 days	702	171	Nil	Nil	873
Past due 30 - 60 days	201	380	Nil	Nil	581
Past due 60-90 days	461	1,861	Nil	Nil	2,322
	1,364	**2,412**	**-**	**-**	**3,776**

	31 December 2011 N'million	31 December 2010 N'million
Non-performing loans by Industry		
Agriculture	Nil	0.02
Oil and gas	-	14.59
Capital Market	-	4.19
Consumer Credit	8.24	17.19
Manufacturing	4.80	14.93
Mining and Quarrying	Nil	Nil
Mortgage	Nil	Nil
Real Estate and Construction	-	1.15
Finance and Insurance	0.07	1.51
Government	-	0.28
Power	1.74	2.13
Other Public Utilities	Nil	1.50
Transportation & Communication	Nil	4.06
General	Nil	8.00
Education	Nil	0.10
Others	Nil	Nil
	14.85	**69.65**

	31 December 2011 N'million	31 December 2010 N'million
Non-performing loans by Geography		
South South	Nil	2,465
South West	14,849	62,880
SouthEast	Nil	1,096
North West	Nil	525
North Central	Nil	2,259
North East	Nil	422
Rest of Africa	Nil	Nil
	14,849	**69,647**

Concentration of risks of financial assets with credit risk exposure

a) Geographical sectors

The following table breaks down the Group's main credit exposure at their carrying amounts, as categorised by geographical region as of 31 December 2011. For this table, the Group has allocated exposures to regions based on the region of domicile of our counterparties.

	Due from banks N'million	**Loans &** advances N'million	**Advances under** finance lease N'million	**Debt** instruments N'million	Total N'million
At 31 December 2011					
South South	Nil	7.00	1.55	-	8.55
South West	Nil	249.10	24.57	2.28	275.95
South East	Nil	3.20	-	-	3.20
North West	Nil	1.20	-	-	1.20
North Central	Nil	8.10	-	-	8.10
North East	Nil	-	-	-	0.00
-		**268.60**	**26.12**	**2.28**	**297.00**
At 31 December 2010					
South South	Nil	4.36	2.21	-	6.57
South West	Nil	185.97	36.20	3.36	225.53
South East	Nil	3.54	1.33	0.31	5.18
North West	Nil	0.81	Nil	Nil	0.81
North Central	Nil	6.38	-	Nil	6.38
North East	Nil	0.63	Nil	Nil	0.63
-		**201.69**	**39.74**	**3.67**	**245.10**

FINANCIAL RISK ANALYSIS
FOR THE YEAR ENDED 31 DECEMBER 2011

	banks N'million	Due from advances N'million	Advances Loans & finance lease N'million	under instruments N'million	Debt Total N'million
b) Industry sectors					
At 31 December 2011					
Agriculture	Nil	4,323	846	Nil	5,169
Oil and gas	Nil	22,995	967	581	24,543
Capital Market	Nil	10,569	Nil	Nil	10,569
Consumer Credit	Nil	65,720	4,218	Nil	69,937
Manufacturing	Nil	37,432	6,692	645	44,769
Mining and Quarrying	Nil	3,754	Nil	Nil	3,754
Mortgage	Nil	5,112	Nil	Nil	5,112
Real estate	Nil	9,805	10	Nil	9,814
Construction	Nil	19,855	114	734	20,703
Finance and Insurance	Nil	4,950	1,567	320	6,837
Government	Nil	7,751	1,867	Nil	9,618
Power	Nil	4,583	1,987	Nil	6,570
Other public utilities	Nil	4,606	Nil	Nil	4,606
Transportation	Nil	8,290	7,690	Nil	15,980
Communication	Nil	54,537	71	Nil	54,608
Education	Nil	4,317	92	Nil	4,409
	-	**268,600**	**26,120**	**2,280**	**297,000**
At 31 December 2010					
Agriculture	Nil	390	920	Nil	1,310
Oil and gas	Nil	19,308	854	1,910	22,072
Capital Market	Nil	6,882	Nil	Nil	6,882
Consumer Credit	Nil	62,033	4,418	Nil	66,451
Manufacturing	Nil	33,745	22,334	801	56,881
Mining and Quarrying	Nil	68	Nil	Nil	68
Mortgage	Nil	1,426	Nil	Nil	1,426
Real estate	Nil	6,118	10	Nil	6,128
Construction	Nil	16,169	114	650	16,933
Finance and Insurance	Nil	1,264	1,560	314	3,137
Government	Nil	4,065	1,984	Nil	6,049
Power	Nil	897	3,534	Nil	4,431
Other public utilities	Nil	920	Nil	Nil	920
Transportation	Nil	4,604	3,800	Nil	8,404
Communication	Nil	47,164	94	Nil	47,258
Education	Nil	631	98	Nil	729
	-	**205,685**	**39,719**	**3,675**	**249,079**

Analysis by portfolio distribution and risk rating

	AAAto AA N'million	A+ to A- N'million	BBB+ to BB- N'million	Below BB- N'million	Unrated N'million	Total N'million
At 31 December 2011	20,608	35,946	247,230	10,342	131,626	445,752
At 31 December 2010	-	28,950	215,180	6,602	128,500	379,232

These ratings are based on the Bank's internal risk rating criteria

Foreign exchange risk

The Group 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 in aggregate for both overnight and intra-day positions, which are monitored daily. The table below summarises the Group's exposure to foreign currency exchange rate risk at 31 December. Included in the table are the Group's financial instruments at carrying amounts, categorised by currency.

Concentrations of currency risk : On- and Off-balance sheet financial instruments

	Naira Million	Dollar Million	GBP Million	Euro Million	Others Million	Total Million
At 31 December 2011						
Assets						
Cash and balances with Central banks	64,390	12,713	706	4,462	-	82,271
Treasury bills	149,986	-	-	-	-	149,986
Due from other banks	30,687	66,220	428	1,049	14	98,398
Loans and advances to customers	228,474	28,336	17	75	-	256,902
Advances under finance lease	25,822	-	-	-	-	25,822
Insurance receivables	73	-	-	-	-	73
Investment securities	91,374	-	-	-	-	91,375
Investment in subsidiaries	-	-	-	-	-	-
Other assets	9,021	-	-	-	-	9,021
Intangible assets	67	-	-	-	-	67
Property and equipment	27,026	-	-	-	-	27,026
Total financial assets	626,920	107,269	1,151	5,586	14	740,941
Liabilities						
Customer deposits	509,203	48,827	1,151	1,182	2	560,365
Current income tax	2,660	-	-	-	-	2,660
Other liabilities	26,572	5,283	147	706	13	32,721
Deferred tax liabilities	1,072	-	-	-	-	1,072
Retirement benefit obligations	6,641	-	-	-	-	6,641
	546,148	**54,110**	**1,298**	**1,888**	**15**	**603,459**
Net on-balance sheet financial position	(80,772)	(53,159)	147	(3,698)	1	(137,482)
Off balance sheet						
Total financial assets	88,971	31,453	(1,186)	(926)	23	118,335
Total financial liabilities	88,971	31,453	(1,186)	(926)	23	118,335
Net off-balance sheet financial position	-	-	-	-	-	-

Liquidity risk

Liquidity risk is the risk that the Group 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 lend.

Liquidity risk management process

The Group's liquidity management process is primarily the responsibility of the Assets and Liabilities Committee (ALCO). Treasury is the executory arm of ALCO and its function include:

a. Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers. The Group maintains an active presence in money markets to enable this to happen;

b. Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;

c. Monitoring balance sheet liquidity ratios against internal and regulatory requirements (in conjunction with financial control unit); and

d. Managing the concentration and profile of debt maturities.

Funding approach

Sources of liquidity are regularly reviewed by Treasury to maintain a wide diversification by currency, geography, provider, product and term.

Maturity profile: On-Balance Sheet

31 December 2011	Up to 1 month N'million	1 – 3 months N'million	3 – 6 months N'million	6 -12 months N'million	1 – 5 years N'million	Over 5 years N'million	Total N'million
Liabilities:							
Customer deposits	315,505	187,573	55,018	2,205	64	-	560,365
Current income tax	2,660	-	-	-	-	-	2,660
Other liabilities	25,371	-	-	6,149	1,201	-	32,721
Deferred income tax liabilities	1,072	-	-	-	-	-	1,072
Retirement benefit obligations	-	-	-	-	-	6,641	6,641
Total liabilities	344,608	187,573	55,018	8,354	1,265	6,641	603,459
Assets:							
Cash and balances with central banks	82,271	-	-	-	-	-	82,271
Treasury bills and other eligible bills	62,213	41,624	18,958	27,191	-	-	149,986
Due from other banks	30,000	-	68,398	-	-	-	98,398
Loans and advances to customers	56,382	29,609	33,329	23,451	114,131	-	256,902
Advances under finance lease	2	-	-	373	25,447	-	25,822
Insurance receivables	73	-	-	-	-	-	73
Investment securities	66	1,402	-	2,200	87,706	-	91,375
Investment in subsidiaries	-	-	-	-	-	-	-
Other assets	9,021	-	-	-	-	-	9,021
Intangible assets	-	-	-	-	-	67	67
Property and equipment	-	-	-	-	-	27,027	27,026
Total assets	240,028	72,635	120,685	53,215	227,284	27,094	740,941
Gap	(104,580)	(114,938)	65,667	44,861	226,019	20,453	137,482

Maturity profile: On-Balance Sheet

31 December 2010	Up to 1 month N'million	1 – 3 months N'million	3 – 6 months N'million	6 -12 months N'million	1 – 5 years N'million	Over 5 years N'million	Total N'million
Liabilities:							
Customer deposits	169,656	125,781	30,125	1,175	4	-	326,741
Current income tax	1,515	55	-	-	-	-	1,570
Other liabilities	10,251	2,417	-	-	-	-	12,667
Deferred income tax liabilities	1,590	-	-	-	-	-	1,592
Retirement benefit obligations	2,867	-	-	-	-	-	2,867
Total liabilities	185,879	128,253	30,125	1,175	4	-	345,437
Assets:							
Cash and balances with central banks	25,505	-	-	-	-	-	25,505
Treasury bills and other eligible bills	7,367	16,527	5,237	-	2,533	-	31,664
Due from other banks	88,000	60,388	-	-	-	-	148,388
Loans and advances to customers	38,715	12,279	6,730	43,158	58,678	-	159,561
Advances under finance lease	7	-	-	255	39,335	-	39,598
Insurance receivables	-	-	24	-	-	-	24
Investment securities	-	32,597	-	33	3,854	7,301	43,785
Investment in subsidiaries	-	-	-	-	-	-	-
Other assets	7,311	312	-	-	-	-	7,623
Intangible assets	-	-	-	195	-	-	195
Property and equipment	-	-	-	-	25,272	-	25,272
Total assets	166,905	122,103	11,991	43,641	129,672	7,301	481,614
Gap	(18,974)	(6,150)	(18,134)	42,466	129,668	7,301	136,177

Maturity profile – Off Balance Sheet

(a) Financial guarantees and other financial facilities

Performance Bonds and financial guarantees (Note 29), are also included below based on the earliest contractual maturity date.

(b) Contingent letters of credits
Unfunded letters of credit (Note 29) are also included below based on the earliest contractual payment date.

(c) Capital commitments
Capital commitments for the acquisition of buildings and equipment (Note 38) are summarised in the table below.

31 December 2011	Up to 1	1 – 3	3 – 6	6 -12	1 – 5	Over 5

	month N'million	months N'million	months N'million	months N'million	years N'million	years N'million	Total N'million
Performance bonds and financial guarantees	17,503	20,928	13,126	22,512	5,659	14,032	93,760
Contingent Letters of credits	194	16,226	5,695	1,136	1,169	-	24,420
On-Lending Facilities	-	-	-	-	-	-	155
Bankers acceptances	-	-	-	-	-	-	-
Guaranteed commercial papers	-	-	-	-	-	-	-
Capital commitments	-	-	-	-	-	-	-
Operating lease commitments	-	-	-	-	-	-	-
	17,697	**37,154**	**18,821**	**23,648**	**6,828**	**14,032**	**118,335**
31 December 2010							
Performance bonds and financial guarantees	104	1,487	4,286	22,045	10,303	15,407	53,631
Contingent Letters of credits	156	13,004	4,564	911	937	-	19,574
Bankers acceptances	-	-	-	-	7,385	-	7,385
Guaranteed commercial papers	-	-	-	-	-	-	-
Capital commitments	-	-	-	606	-	-	606
	260	**14,491**	**8,850**	**23,563**	**18,625**	**15,407**	**81,196**

Capital management

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of balance sheets, are:

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

b. To safeguard the Group'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 Group'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. Auditors to the Group are also required to render an annual certificate to the Nigerian Deposit Insurance Corporation (NDIC) that includes the computed capital adequacy ratio of the Group.

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%.

The Group's regulatory capital as managed by its Financial Control and Treasury Units is made up of tier one capital as follows:

i. Tier 1 capital: share capital, retained earnings , reserves created by appropriations of retained earnings and capital reserve arising on consolidation.

Investments in unconsolidated subsidiaries and associates are deducted from Tier 1 capital to arrive at the regulatory capital.

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of –

and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

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

	2011 N'million	**2010** N'million
Tier 1 capital		
Share capital	14,481	14,481
Share premium	101,272	101,272
Statutory reserves	12,244	10,456
SMIEIS reserve	764	764
Capital Reserve	1,795	1,902
Retained earnings	6,803	7,178
Less:Intangible assets	(67)	(195)
Total qualifying Tier 1 capital	**137,292**	135,858
Tier 2 capital		
Non controlling interest	123	125
Total qualifying Tier 2 capital	123	125
Total regulatory capital	**137,415**	135,983
Risk-weighted assets:		
On-balance sheet	**740,941**	481,615
Off-balance sheet	**118,335**	80,590
Total risk-weighted assets	**460,927**	312,199
Risk weighted Capital Adequacy Ratio (CAR)	**30%**	44%

STATEMENT OF VALUE ADDED - Group

FOR THE YEAR ENDED 31 DECEMBER 2011

	31 December 2011 N'million	%	31 December 2010 N'million	%
Gross income	70,048		56,049	
Interest paid	(18,979)		(13,515)	
	51,069		42,534	
Administrative overheads - Local	(11,250)		(10,978)	
- Foreign	(1,041)		(1,016)	
Value added	38,778	100	30,540	100
Distribution				
Employees				
Salaries and benefits	19,137	49	14,756	48
Government				
- Taxation	2,746	7	864	3
- IT levy	83	-	89	-
The future				
- Dividend paid during the year	4,055	10	724	2
- Deferred taxation	(519)	- 1	1,590	5
- Asset replacement (depreciation)	3,331	9	2,972	10
- Asset replacement (provision for losses)	4,477	12	3,569	12
- Expansion (transfers to reserves)	5,468	14	5,976	20
	38,778	**100**	**30,540**	**100**

Value added represents the additional wealth the group 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

STATEMENT OF VALUE ADDED -Bank

FOR THE YEAR ENDED 31 DECEMBER 2011

	31 December 2011 N'million	%	31 December 2010 N'million	%
Gross income	69,572		55,623	
Interest paid	(19,008)		(13,721)	
	50,564		41,902	
Administrative overheads - Local	(11,394)		(10,765)	
- Foreign	(977)		(923)	
Value added	38,193	100	30,214	100
Distribution				
Employees				
Salaries and benefits	18,857	49	14,498	48
Government				
- Taxation	2,700	7	824	3
- IT levy	81	-	83	-
The future				
- Dividend paid during the year	4,055	11	724	2
- Deferred taxation	(519)	- 1	1,590	5
- Asset replacement (depreciation)	3,147	8	2,781	9
- Asset replacement (provision for losses)	3,913	10	3,885	13
- Expansion (transfers to reserves)	5,959	16	5,828	19
	38,193	**100**	**30,214**	**100**

Value added represents the additional wealth the group 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

FINANCIAL SUMMARY - GROUP

	2011 N'million	2010 N'million	2009 N'million	2009 N'million	2008 N'million
Balance Sheet					
Assets:					
Cash and balances with central banks	82,271	25,505	23,721	24,895	30,904
Treasury bills and other eligible bills	149,986	31,664	164,092	161,066	178,660
Due from other banks	98,398	148,388	28,434	45,662	55,463
Loans and advances to customers	256,902	159,561	160,297	214,922	229,156
Advances under finance lease	25,822	39,598	15,101	15,449	5,229
Insurance receivables	73	24	61	195	-
Investment securities	91,375	43,785	11,018	11,257	7,178
Other assets	9,021	7,623	7,977	8,903	11,599
Intangible assets	67	195	320	384	473
Property and equipment	27,026	25,272	24,645	23,534	16,818
	740,941	**481,615**	**435,666**	**506,267**	**535,480**
Financed by:					
Share capital	14,481	14,481	14,481	14,481	14,481
Share premium account	101,272	101,272	101,272	101,272	101,272
Statutory reserves	12,244	10,456	8,707	8,283	10,296
Retained earnings	6,803	7,178	3,552	2,752	7,593
Small scale indusries reserve	764	764	764	764	764
Capital reserve	1,795	1,902	1,915	1,867	1,867
Non-controlling interest	123	125	(99)	287	837
Customer deposits	560,365	326,741	288,096	355,770	378,543
Current income tax	2,660	1,570	1,565	2,551	2,801
Other liabilities	32,721	12,667	14,112	17,615	16,926
Deferred income tax liabilities	1,072	1,592	3	336	-
Retirement benefit obligations	6,641	2,867	1,298	289	-
	740,941	**481,615**	**435,666**	**506,267**	**535,380**
Acceptances and guarantees	118,335	80,590	121,160	59,043	49,259
Operating income	51,026	42,077	22,088	54,256	34,735
Operating expenses	(38,878)	(29,857)	(16,158)	(26,964)	(16,654)
Dimunition in assets values	(4,477)	(3,569)	(3,876)	(23,477)	(1,774)
Profit on ordinary activities before taxation	7,671	8,651	2,054	3,815	16,307
Taxation	(2,310)	(2,543)	(497)	(2,385)	(2,950)
Profit after taxation	5,361	6,108	1,557	1,430	13,357
Non-controlling interest	**107**	**(132)**	**191**	**403**	**(206)**
	5,468	5,976	1,748	1,833	13,151
Per share data:					
Earnings per share (basic)	19	21	6	6	6
Net assets per share	475	470	451	448	474

Note:
The earnings per share have been computed on the basis of the profit after tax and the number of issued shares as at year end. Net assets per share have been computed based on the net assets and the number of issued shares at year end.

FINANCIAL SUMMARY - BANK

	2011 N'million	2010 N'million	2009 N'million	2009 N'million	2008 N'million
Balance Sheet					
Assets:					
Cash and balances with central banks	82,271	25,505	23,720	24,894	30,902
Treasury bills and other eligible bills	149,986	31,659	24,953	161,066	178,660
Due from other banks	98,399	148,389	136,018	45,380	55,463
Loans and advances to customers	255,257	158,516	161,297	215,112	230,713
Advances under finance lease	25,822	39,598	15,101	15,449	5,228
Insurance receivables	73	24	61	195	-
Investment securities	89,776	41,006	40,349	8,952	5,014
Investment in associates	1,915	815	815	986	-
Other assets	9,183	7,315	7,108	8,604	10,247
Intangible assets	59	177	296	354	473
Property and equipment	26,767	25,016	24,335	23,173	16,422
	739,508	**478,020**	**434,053**	**504,165**	**533,122**
Financed by:					
Share capital	14,481	14,481	14,481	14,481	14,481
Share premium account	101,272	101,272	101,272	101,272	101,370
Statutory reserves	12,244	10,456	2,249	2,707	9,788
Retained earnings	5,722	5,606	8,707	8,283	7,593
Small scale indusries reserve	764	764	764	764	764
Capital reserve	1,867	1,867	1,867	1,867	1,867
Customer deposits	561,089	327,351	288,808	356,137	379,729
Current income tax	2,613	1,515	1,491	2,488	2,651
Other liabilities	31,744	10,251	13,115	15,542	14,879
Deferred income tax liabilities	1,071	1,590	-	336	-
Retirement benefit obligations	6,641	2,867	1,299	288	-
	739,508	**478,020**	**434,053**	**504,165**	**533,122**
Acceptances and guarantees	118,335	80,590	121,160	59,043	49,259
Operating income	50,521	41,445	21,226	50,924	33,027
Operating expenses	(38,387)	(29,235)	(15,821)	(26,014)	(15,825)
Dimunition in assets values	(3,913)	(3,885)	(3,525)	(20,341)	(1,405)
Profit on ordinary activities before taxation	8,222	8,324	1,880	4,569	15,797
Taxation	(2,262)	(2,497)	(466)	(2,271)	(2,809)
Profit after taxation	5,960	5,827	1,414	2,298	12,988
Per share data:					
Earnings per share (basic)	21	20	5	8	45
Net assets per share	471	464	447	447	469

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

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

NOTES

FIDELITY

Fidelity Bank Plc (RC. 103022)

PROXY FORM

TWENTY FOURTH ANNUAL GENERAL MEETING

TO BE HELD AT THE IRIS & JASMINE HALL, EKO HOTEL AND SUITES, ADETOKUNBO ADEMOLA STREET, VICTORIA ISLAND, LAGOS ON THURSDAY, THE 17th OF MAY, 2012 AT 11.00 A. M.

I/We ....

of...being a shareholder(s) of Fidelity Bank Plc.

hereby appoint..or failing him Chief Christopher I. Ezeh or failing him Mr. Reginald Ihejiahi as my/our Proxy to act and vote for me/us on my/our behalf at the 24th Annual General Meeting to be held on the 17th of May, 2012 and at any adjournment thereof.

DATED THE .... DAY OF..............2012. SHAREHOLDER'S SIGNATURE..

	NO	ORDINARY BUSINESS	FOR	AGAINST
I/We desire this proxy to be used in favour of/or against the resolution as indicated alongside (strike out whichever is not required).	1.	To receive the Statement of Accounts for the period ended December 31, 2011 together with the Directors' and Auditors' Reports thereon		
	2.	To declare a dividend.		
	3.	To elect/re-elect Directors.		
	4.	To approve the remuneration of Directors		
	5.	To authorize the Directors to fix the remuneration of the Auditors.		
	6.	To elect the members of the Audit Committee.		

Please indicate with an "X" in the appropriate column, how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed, the Proxy will vote or abstain from voting at his discretion.

This proxy form should NOT be completed and sent to the registered office if the member will be attending the meeting.

NOTE:

(i) A member (shareholder) entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy in his stead. All proxy forms should be deposited at the registered office of the Registrar (as in notice) not later than 48 hours before the meeting.

(ii) In the case of Joint Shareholders, any of them may complete the form, but the names of all Joint Shareholders must be stated.

(iii) If the shareholder is a Corporation, this form must be executed under its Common Seal or under the hand of some officers or an attorney duly authorized.

(iv) The Proxy must produce the Admission Card sent with the Notice of the meeting to gain entrance to the meeting.

(v) It is a legal requirement that all instruments of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of shareholders must bear appropriate stamp duty from the Stamp Duties office (not adhesive postage stamps).

FIDELITY

Fidelity Bank Plc (RC. 103022)

ADMISSION CARD

TWENTY FOURTH ANNUAL GENERAL MEETING

TO BE HELD AT THE IRIS & JASMINE HALL, EKO HOTEL AND SUITES, ADETOKUNBO ADEMOLA STREET, VICTORIA ISLAND, LAGOS ON THURSDAY, THE 17th OF MAY, 2012 AT 11.00 A. M.

NAME OF SHAREHOLDER:

NUMBER OF SHARES HELD:

Please admit ………………………………………………………………………….... to the 24th Annual General Meeting of Fidelity Bank Plc.

Signature of person attending:………………………………………………………………..

- This admission card should be produced by the Shareholder or his proxy in order to obtain entrance to the Annual General Meeting.
- You are requested to sign this card at the entrance in the presence of the Company Secretary or her Nominee on the day of the Annual General Meeting.

Please be advised that to enable a Proxy gain entrance to the meeting, the Proxy Form is to be duly completed and delivered to the Bank not later than 48 hours before the time fixed for the meeting.

COMPANY SECRETARY

Fidelity Bank Plc (RC. 103022)

CHANGE OF ADDRESS/SHAREHOLDERS DATA UPDATE FORM

Please fill the form and return to the address below

The Registrar,
First Registrars Nigeria Ltd,
2, Abebe Village Road, Iganmu
P. M. B. 12692, Lagos, Nigeria.

REQUEST FOR CHANGE OF ADDRESS

Kindly change my/our address in respect of my/our holdings in the companies indicated below:

(i) Fidelity Bank Plc ☐ (ii) Nigeria International Growth Fund (NIGFUND) ☐

Shareholder's Account No (if Known)

Last Name

Other names

Previous Address

City

State

Present/New Address

City

State

Mobile Telephone

Email Address

Shareholder(s) Signature

Joint/Corporate Signature and Company Seal

NOTES

a) When completed on behalf of a corporate body, each signatory should state the representative capacity, e.g. Company Secretary, Director, etc.
b) When the holding is in more than one name, all of the security holders must sign.
c) Please note that this request would not be applied if the signature(s) herein differs from that at the Registrar's records.
d) Please attach a copy of your CSCS Statement to this form as evidence that a CSCS Account has been opened for you.

The Registrar,
First Registrars Nigeria Ltd,
2, Abebe Village Road, Iganmu
P. M. B. 12692, Lagos, Nigeria.

FIDELITY
Fidelity Bank Plc (RC. 103022)

RE: MANDATE FOR E-DIVIDEND PAYMENT

I/We hereby request that from now on, all dividend warrant(s) due to me/us from my/our holdings in all the companies ticked in item 1 below be paid directly to my/our bank named below:

Item

(1)* Fidelity Bank Plc ☐ Nigeria International Growth Fund (NigFund) ☐ Date (DD/MM/YY)

Shareholder's Account Number (if known)

(2)* Surname/Company's Name

(2.1)* Other Names (for Individual Shareholders)

(2.2)* Present Postal Address

(2.3)* City State

(2.4) Email Address

(2.5) Mobile (GSM) Phone Number

(3)* Bank Name

(3.1)* Branch Address

(3.2)* Bank Account Number

(3.3)* Bank Sort Code

*Bank Stamp/Authorised Signature

(4)* Shareholder's signature or Thumbprint | Joint Shareholders/Company Signatures | Company Seal/Incorporation Number (Corporate Shareholder)

(5)* AUTHORISED SIGNATURES AND STAMP OF BANKER

The branch stamp and signatures of the authorised signatures of your bank are required to confirm that the signatures in box 4 is that of the shareholder(s) or an authorised signatory

NOTES

a) When completed on behalf of a corporate body, each signatory should state the representative capacity, e.g. Company Secretary, Director, etc.
b) When the holding is in more than one name, all of the security holders must sign.
c) All asterisked fields must be completed.

The Registrar,
First Registrars Nigeria Ltd,
2, Abebe Village Road, Iganmu
P. M. B. 12692, Lagos, Nigeria.

FIDELITY
Fidelity Bank Plc (RC. 103022)

RE: UNCLAIMED/STALE DIVIDEND WARRANT

I/We declare that I/We am/are the registered holder(s) of Fidelity Bank Plc shares.
Till date, I/We am/are yet to receive my/our dividend warrant(s) Payments No(s) .... (Please specify).
In view of this, I/We request and authorise you to cancel the original dividend warrant(s) and issue a replacement dividend warrant(s) thereof.

Date (DD/MM/YY)

Shareholder's Account Number (if known)

(1) Shareholder's Name

Surname/Company's Name

(1.1) Other Names (for Individual Shareholders)

(1.2) Address

(1.3) Email Address

(1.4) Mobile (GSM) Phone Number

(2) Bank Name and Branch

(2.1) Current A/C No

Sort Code

* Bank Stamp/Authorised Signatures

(3) I/We hereby authorise that the re-issued/re-validated dividend(s) be paid into my/our current account as indicated above.

(3.1) I/We hereby indemnify the Company and Registrars from and against all losses in respect thereof and all actions, proceedings, demands, costs and expenses whatsoever which may be made or brought against them by reason of compliance with this request.

(4)

Shareholder's signature or Thumbprint	Joint Shareholders/Company Signatures	Company Seal/Incorporation Number (Corporate Shareholder)

The branch stamp and signature of an authorized signatory of your bank is required to confirm that the signature(s) in box 4 is that of the shareholder(s) or an authorized signatory, before returning to the Registrars

*When completed on behalf of a corporate body, each signatory should state the representative capacity, e.g. Company Secretary, Director, etc.
*When the holding is in more than one name, all of the security holders must sign.
*(Please note that this request would not be applied if the signature(s) herein differs from that in the Registrar's records).
*Please attach a copy of your CSCS Statement to this form as evidence that a CSCS Account has been opened for you.

FIDELITY

Fidelity Bank Plc