ANNUAL REPORT & ACCOUNTS | 2009

TRUE TO YOU

FIDELITY

Fidelity Bank Plc

We're Fidelity, we keep our word

Prepared for the future

It's not enough to have a dream unless we're **willing** to pursue it. It's not enough to know what's right unless we're **strong enough** to do it. It's not enough to join the crowd, to be acknowledged and accepted. We must be **true to our customers' ideals.**

Friendships are what our dreams are
made of. Some friends may come and go, but we are
the **truest friend** you'll know

We're **Fidelity** - we keep our **Word**

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By staying **true to our commitments,** we are prepared for **upward growth** in a challenging market

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

Head Office:
Fidelity Place,
1, Fidelity Bank Close
Off Kofo Abayomi Street,
Victoria Island, Lagos, NIGERIA.
Tel: 234 1 2610408 12; 2700530;
Fax: 234 1 2610414.
E-mail: info@fidelitybankplc.com
Website: www.fidelitybankplc.com

Auditors:
Akintola Williams Deloitte
235, Ikorodu Road, Ilupeju, Lagos.

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

Financial Indicators

Gross Income
₦70.9
billion

Growth
74%

Profit before tax and exceptional items
₦24.91
billion

Growth
45%

	The Group 2009 N'm	2008 N'm	Change %	The Bank 2009 N'm	2008 N'm	Change %
Major profit and loss account items						
Gross earnings	72,275	42,660	69	70,597	40,474	74
Interest expenses	18,018	7,926	127	17,318	7,447	133
Operating expenses	27,011	16,654	62	26,014	15,825	64
Provision for risk assets	(19,806)	(1,774)	(1,016)	(20,342)	(1,406)	(1,347)
Profit before taxation	3,768	16,306	(77)	4,569	15,796	(71)
Profit after taxation	1,431	13,356	(89)	2,297	12,987	(82)
Major balance sheet items						
Deposits and other clients' accounts	355,770	378,543	(6)	356,137	379,729	(6)
Loans and advances	214,922	229,156	(6)	215,112	230,713	(7)
Share capital	14,481	14,481	-	14,481	14,481	-
Share premium	101,272	101,370	-	101,272	101,370	-
Shareholders' funds	129,419	136,372	(5)	129,374	135,864	(5)
Total assets	506,267	535,480	(5)	504,164	533,122	(5)
Per 50k Ordinary Share Statistics: Based on 28,962,586,000 (2008 - 28,962,586,000) ordinary shares issued						
Earnings	0.05	0.46	(89)	0.08	0.45	(82)
Net assets	4.47	4.71	(5)	4.47	4.69	(5)
Total assets	17.48	18.49	(5)	17.41	18.41	(5)
Stock exchange price at 30 June	3.46	10.20	(66)	3.46	10.20	(66)
Number of branches	140	109		140	108	
Number of staff	4,065	2,707		3,247	2,532	

Notice of Meeting

Notice is hereby given that the Twenty First Annual General Meeting of Fidelity Bank Plc. will be held at The Shell Hall, Muson Centre, 8/9 Marina, Onikan, Lagos State on Monday the 21st day of December 2009 at 11.00 a.m. for the purpose of transacting the following business:

1. To receive the Statement of Accounts for the period ended June 30, 2009 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 members of the Audit Committee.

SPECIAL BUSINESS

To consider and if thought fit, pass the following as Special Resolutions:

A. "That pursuant to Clause 3(d) of the Company's Memorandum of Association, the Directors be and are hereby authorized to issue N200,000,000,000.00 (Two Hundred Billion Naira) of Corporate Bonds in such tranches, series or proportions, at such coupon or interest rates, within such maturity periods, and on such other terms and conditions including the provision of security for repayment, as the Directors may deem fit or determine, subject to obtaining the approvals of relevant regulatory authorities".

B. "That the Directors be and are hereby authorized to enter into and execute any agreements, deeds, notices and any other documents necessary for and or incidental to effecting resolution (A) above".

C. "That the Directors of the Company or any one of them for the time being, be and are hereby authorized to appoint such professional parties and advisers, and to perform all such other acts and do all such other things as may be necessary for or incidental to effecting Resolution A above, including without limitation, complying with directives of any regulatory authority".

D. "That the Directors are authorized to take any further action that may be required to give effect to the resolutions passed at the General Meeting'".

PROXY

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

NOTES

(A) DIVIDEND

If the proposed dividend of 5 kobo per share is approved, dividend warrants will be posted on January 4, 2010 to shareholders whose names appear in the Register of Members at the close of business on December 14, 2009.

(B) CLOSURE OF REGISTER OF MEMBERS

The Register of Members and Transfer Books of the Company will be closed from December 16th, 2009 to December 22nd 2009, both days inclusive.

(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.

By Order of the Board.

CHIJIOKE UGOCHUKWU
Company Secretary

Dated the 20th day of November, 2009

www.fidelitybankplc.com

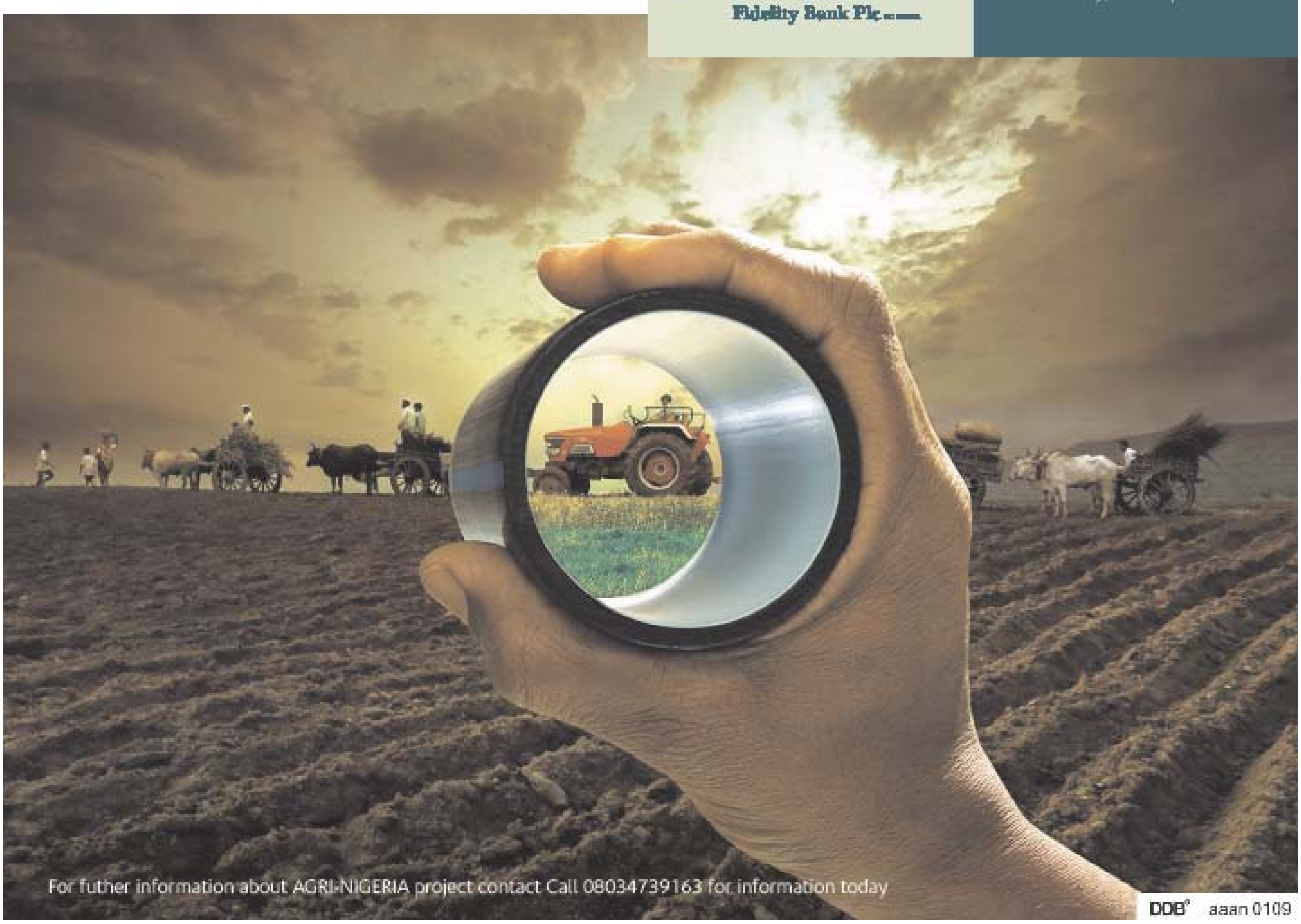
Agric Finance - From our point of view

At Fidelity bank we're supporting small, medium and large scale agricultural establishments through our AGRI-NIGERIA project. We believe that resuscitating this sector will provide food security, employment as well as export revenue for the country. This project allows beneficiaries to acquire fixed assets, machinery, fertilizer, and other agricultural materials on individual, joint, or Cooperative bases. Loans are available over convenient tenures at low payback rates. The objective of this nationwide initiative is to provide farmers with project funding through four schemes:

Fidelity Cooperative Union Facility
Fidelity Agric Lease Facility
Fidelity Self Help Group Facility
Fidelity Agric Trust Fund

FIDELITY
Fidelity Bank Plc

We're Fidelity, we keep our word



DDB aaan 0109


www.fidelitybankplc.com
What makes the
Fidelity ATM so different?
Achieve so much more with Fidelity ATMs and save valuable time for what's truly important to you:
Recharge your GSM phone
Make transfers from account to account
Print mini account statements
Withdraw cash
Reload your cash card
Fidelity ATM cards are also compatible with all other ATMs on the Interswitch platform.
For more enquiries, visit the nearest branch.
FIDELITY
Fidelity Bank Plc
We're Fidelity... we keep our word

from the Chairman

At the end of June 2009, Gross Earnings stood at N72.27 billion. The 2009 figure represents 69.41% increase over the N42.66 billion Gross Earnings in the same period in 2008.

Remarkably, Profit Before Provisions on Risk Assets and Taxation was N23.57 billion up by 30.37% from N18.08 billion in 2008.

Fellow Shareholders,

As I welcome you all to the 21st Annual General Meeting of our great bank, it is with immense pleasure that I present to you the audited financial statements of the bank for the period under review.

In line with our tradition, may I begin by taking you through the developments in the domestic and international economies in the last one year, in the hope that this will provide you an insight into the factors that have shaped our operational performance.

The Global Economy

The unpleasant events in the financial market of the United States that began to exhibit themselves in the summer of 2007 metamorphosed into a widespread global crisis in the fall of 2008. As the world came to grips with the depth of the exposure of banks to subprime mortgage loans, stress signs became noticeable in the balance sheets of many institutions of formidable size and pedigree in a development that later emerged as the most profound economic meltdown since the Great Depression.

This development became a challenge to capitalism and its ability to hold the strings binding the global economy. Government interventions across developed and emerging markets became necessary to stem the tide of failure of Banks and business entities. The result of this was a series of fiscal stimuli and monetary policy interventions of magnitudes that have not been witnessed since the end of the Second World War. Banks were nationalised while governments injected taxpayers' money into private institutions to keep credits flowing and economic engines running.

As societies across the world groaned under the heavy weight of falling investments and incomes, unemployment figures in many developed and emerging nations became the index for measuring the direction of the global economy with corporate entities slashing pay and jobs to reduce the adverse effects of the meltdown on the bottomline. For example, by June 2009, unemployment levels hit 9.5% in the United States, a peak that had not been attained in 26 years and 7.8% in United Kingdom which is the highest since 1996.

The initiatives of various governments to save their financial markets from collapse and rescue their economies from the crisis created a bubble in the sovereign debt market. In the first quarter of 2009 alone, various governments issued over US$600 billion in bonds. The size and responsibility of respective governments became expanded as household and business spending shrank. The return of the welfare state in countries hitherto renowned for their free market credentials alarmed proponents of fiscal conservatism and began to cast doubts on the potential of these countries to continue to honour their payment obligations as their debts increased. For example, Standard & Poor's, one of the three most prominent rating agencies in the world, lowered its outlook on Britain to negative, the first time since 1980, on the ground that assuming fiscal tightening, the net general government burden could approach 100 percent of GDP and remain near that level in the medium term.

As events unfolded, capital flows and cross border business engagements became few and far between. Many governments in a bid to minimise the contagious effects of the exposure of their economies to a crisis which has largely become international in dimension began to adopt measures that bordered on protectionism. According to the World Trade Organisation (WTO), more than 76 regulations have been enacted by various countries since the crisis began in a covert attempt to restrict exchange of goods and services. This situation affected our international expansion project. We however hope that as the squeeze begins to ease, the stringent conditions that have been put in place will be relaxed so as to allow our programmes in some of these markets.

In the wake of the crisis, the crude oil market, among other segments of the commodities market became exceedingly volatile. Oil price which peaked at $147 in the summer of 2008 dropped to as low as $33 in February 2009, precipitating a spate of liquidity and

In an attempt to resolve the impediments to smooth operations of the oil sector in the Niger Delta, the Federal Government rolled out an Amnesty Programme. This package, which has already been ratified by the National Council of States, provides a Presidential pardon for militants who are ready to lay down their arms.

fiscal crisis in many oil producing nations including Nigeria.

On the political front, the issue that commanded the greatest global attention was the United States Presidential Election which produced Barack Obama, the Democratic Presidential Candidate, as the winner. Since his inauguration in January, President Obama has made speeches in favour of regulation of the global financial system, fiscal expansion, multilateral approach to international relations and new policies on energy and global warming. In his effort to resolve the economic problem the financial crisis has imposed on the American society, President Obama has proposed and implemented a series of far reaching measures which include a $795 billion fiscal stimulus package, a Stress Test on 19 of the biggest banks in the United States and a new set of financial market regulations, the most extensive since the New Deal programme of the Franklin Roosevelt Administration during the Great Depression in the 1930s.

Beyond the financial market, the crisis manifested in macroeconomic numbers across regional and commodity markets. In 2008, global output was estimated to have risen by a mere 3.8%, compared to 5.2% in 2007. Among the major economic nations of the world, China led in growth index with 9.8%, while Russia and India grew by 7.4% and 7.3% respectively. On a global comparison basis, nations varied widely in their growth results, with Macau (15%), Azerbaijan (13.2%), and Angola (11.6%), recording the highest figures. Growth rates particularly slowed in all the major industrial countries and some emerging economies, because of uncertainties in the financial markets and lowered consumer confidence. In the United States, the economy grew by 1.3% in 2008 as against 2% in 2007 while the growth rate in United Kingdom stood at 0.7% in 2008 compared to 3% in the preceding year. The German economy grew by 1.3% (compared to 2.5% in 2007) while Japan actually recorded a drop in real GDP by 0.4% as against a positive growth of 2.4% the preceding year.

As in many less developed economies, the financial markets in Sub-Saharan Africa were largely decoupled from the mainstream global market, a situation which made the impact of the crisis less severe within the continent than in many advanced economies, especially in terms of growth in output. African countries recorded good performances compared with OECD countries powered by the bubble in the commodities market witnessed in the early part of 2008. Prices of most metals peaked in March (nickel and zinc prices climaxed much earlier), but the slowing of global growth, which preceded the financial crisis by several months, prompted a decline in commodity prices by midyear. By the end of the year, demand for aluminium had fallen by 6% though that of copper rose by 2.3% over the same period.

This process was markedly accelerated by the crisis which became full-blown and the rapid drop-off in economic activity since September of that year. As a result, spending on new extraction projects was slashed while output dropped as lower prices rendered many difficult-to-exploit mines uncompetitive. The downturn led to a build up of spare capacity in many segments of the commodity market, a development which should keep prices from rising by much when demand recovers.

Apart from Angola, other African countries that posted remarkable showings on the growth index included Nigeria, Ghana, and Senegal which recorded 6.1%, 6.6% and 4.7% rise in output respectively. South Africa, the continental powerhouse however only managed a 2.8% growth in 2008 compared to the 5.1% recorded the previous year. This was mainly due to the impact of the financial crisis on demand in view of South Africa's relative high level of integration to the world economy.

Inflation remained a serious challenge in many markets, developing and advanced in 2008, in spite of lagging demand and general economic slowdown. The driving factor was essentially higher food and energy prices. In the period under review, oil prices rose to record levels driven by supply concerns in the context of limited spare capacity and inelastic demand while food prices were boosted by poor weather conditions on top of continued strong growth in demand. By mid 2008, headline inflation peaked at 3.5% while core inflation stood at 1.8%. Inflationary tendencies were however more noticeable in developing economies where headline and core inflation rose to 8.6% and 4.2% respectively.

The intensification of the financial crisis in September 2008 inspired a significant reversal in capital flows, away from developing countries and toward high-income countries notably, the United States.
The need to repatriate liquid assets to cover losses elsewhere and an increase in home bias on the part of global investors caused the currencies of almost all developing economies to depreciate against the United States Dollar. The collapse in commodity prices also played a role in exchange rate depreciation for developing commodity exporters, such as Argentina, Brazil, the Russian Federation and Nigeria, and also for high income commodity exporters such as Australia and Canada. In the immediate aftermath of the crisis, only a few currencies appreciated or held their ground against the dollar, among them the Chinese Renminbi and the currencies of several oil exporters that are pegged to the Dollar.

The currencies of many developing countries depreciated by 20 percent or more, but the extent of depreciation was much less severe in real terms because most currencies depreciated against the dollar simultaneously. The depreciation of developing countries' currencies has meant that the local currency price of many commodities fell much less sharply than the dollar price of these commodities.

In an attempt to institutionalise a coordinated response to this crisis, the leaders of the G20 countries (a group of the 20 biggest economies in the world) in April at a summit in London pledged to inject US$1.1 trillion into the world economy particularly to help the affected poor countries . As stimulus efforts intensified in scope and numbers, signs of mild recovery began to emerge in some economies in the second quarter of 2009. The results posted by financial institutions who are major stakeholders in global finance also reflected improved performance and surpassed market expectations in a development that suggested that the effects of the crisis may not be as deep as initially predicted.

The Domestic Economy

The eight months to the period ended June 30, 2009, were fiscally challenging to the Nigerian state, following declining oil receipts. As prices in the international market became hostage to receding economic indices around the world, the crisis in the Niger Delta also continued unabated, establishing itself as the greatest threat to the nation's economic stability and the ability of governments at all tiers to fulfil their budget objectives. For a significant part of the period, production remained below 1.7 million barrels per day as against the budget benchmark of 2.29 million barrel per day. Also, crude oil price was quite volatile reaching a low of US$33 in February. However, by end of June, it was once again trending towards US$60 per barrel (against a budget bench mark of US$45 per barrel).

This volatility is a source of anxiety as it affects the ability of the various governments to meet their targets. In view of this constraint, the Federal Government projected a budget deficit of N840 billion in the 2009 fiscal year. The revenue challenge has also increased the visibility of the Federal Government and many of the states in the bond market. From January to May, the Federal Government, through the Debt Management Office, raised N270 billion in bonds.

There are also plans by the Federal Government to raise additional US$500 million from the international capital market through a Naira denominated bond programme while development financing of long-term low-interest loans have been sought from some multilateral institutions and World Bank to cushion the effects of the downturn on government's fiscal capacity. Many states, also burdened by shrinking allocations from the Federation Account, also remodelled their finances to accommodate more debt, particularly through the use of the bond market. Since the beginning of 2009, seven states have issued or are in the process of issuing bonds.

In an attempt to resolve the impediments to smooth operations of the oil sector in the Niger Delta, the Federal Government rolled out an Amnesty Programme. This package, which has already been ratified by the National Council of States, provides a Presidential pardon for militants who are ready to lay down their arms. As envisaged , thousands of militants have come out of the creeks to embrace the peace process under the terms and conditions laid out by the Nigerian authorities. We hope that this arrangement will help in ushering in a new era of peace in the region in the overall interest of the Nigerian economy.

The tax operations of the Federal Government and many states also became enhanced in the last few months. At the central level, the Federal Inland Revenue Service (FIRS) was reorganised earlier in the year to give effect to government's determination to maximise tax receipts while the states, on their own, expanded their tax nets to cover certain classes of consumption as the challenge of fulfilling fiscal obligations became more compelling. In order to extricate itself from the burden of financing the subsidy on the importation of petroleum products and allow for a more transparent market process, the Federal Government also announced its plans to deregulate the downstream petroleum industry.

As usual, the power sector remained a major challenge and a great hindrance to the progress of corporate Nigeria. Power generation at a point in time dropped to as low as 1,200 megawatts, forcing many businesses to scale down operations, while firms that could not cope shut down or relocated. We however hope that with government's commitment to the National Integrated Power Project (NIPP) and its plan to increase power generation to 6,000 megawatts by December 2009, the economy will begin to enjoy some respite.

The Financial Market

The market remained challenged by the depressing state of the economy underpinned by a weakened capital market, falling oil prices, decreasing foreign reserves, declining capital inflows, galloping inflation and tightening liquidity all of which initially cast a pall of uncertainty over Nigeria's economic landscape. The economy which was initially assumed to be immune to the global crisis began to show signs of vulnerability when the foreign exchange market contracted by the end of 2008. The Naira which averaged at N118 to the US dollar at the beginning of 2008 finally caved in to mounting pressure exerted by declining supply. By the end of 2008, Naira was trading at a lower price of N130 and had depreciated to N146 by the end of June 2009.

The Central Bank of Nigeria (CBN) in a determined effort to stabilise the economy and relax the financial markets intervened through the introduction of

The intensification of the financial crisis in September 2008 inspired a significant reversal in capital flows, away from developing countries and toward high-income countries notably, the United States.

numerous policy options. As the system responded to the vagaries of the global scene, the apex bank adopted measures such as lowering of monetary policy rates, capital controls, introduction of fixed-floating interest rate regime and deliberalisation of the FX market. In a move which served as a defining phase in the oversight process, the Central Bank, in agreement with the Bankers' Committee, in the middle of the year pegged deposit rates at 15% and in the same manner, lending rate at 24% (all charges inclusive). These measures notwithstanding, single-digit interest rates could not be achieved as a result of double-digit inflation, the global financial meltdown, falling oil prices and pressure on our external reserves. To boost lending and mitigate the backlash of the economic slowdown on investment, the Monetary Policy Committee of the CBN announced reduction in the Monetary Policy Rate (MPR) from 9.75% to 8% and eventually to 6%. The Committee also slashed the Cash Reserve Ratio from 2% to 1% and Minimum Liquidity Ratio from 30% to 25% effective April 14, 2009.

During the period under review, the CBN also restored the license of Savannah Bank following a ruling of the Federal High Court to that effect. A watershed moment in the industry this period was the appointment of Mr. Sanusi Lamido Sanusi as the CBN Governor following the expiration of the tenure of Professor Chukwuma C. Soludo. Mr. Sanusi, until his new appointment served as the Managing Director and Chief Executive Officer of First Bank of Nigeria Plc. He is expected to bring his wealth of experience especially in the areas of monetary policy, credit administration and risk management to bear on the development of the banking industry.

Financial Performance

Our asset portfolio in the major part of the period under review reflects our decision to remain cautious as a hedge against the rising unpredictability of the domestic financial market. To that extent, our risk asset creation structure was strngthened and the credit business still remained the focal point of our activities. The result of this strategy was manifested in the financial year end performance. At the end of June 2009, Gross Earnings stood at N72.27 billion. The 2009 figure represents 69.41% increase over the N42.66 billion Gross Earnings in the same period in 2008.

Remarkably, Profit Before Provisions on Risk Assets and Taxation was N23.57 billion up by 30.37% from N18.08 billion in 2008. However the impact of exceptional provisions on risk assets affected Profit After Tax which came down from N13.36 billion to N1.43 billion in the period under review. About N19.81 billion provisioning was made for doubtful advances and other assets in line with the new regulatory direction of the CBN. Industry watchers will acknowledge that this performance is stellar considering how the Nigerian banking sector has fared this period . We are of the opinion that this cycle in the industry is temporary and that your bank, having

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maintained a traditional profile of profitability over the years, will post a more impressive performance in the coming years.

We are not unmindful of the new challenges in the market place and their possible impact on the delivery of operational targets. Some of these include increasing competition of banks particularly at the retail end, contracting liquidity, enhanced regulatory framework, depressing equity market and hightened market/ country risk perception. In trying to confront these challenges and meet the expectations of our shareholders, our strategy would be on strengthening our risk management structure, enhancing our advisory business while consolidating our position in our traditional areas of strength. Very soon, we would be seeking additional funding in order to explore new opportunities and in line with the details of the business.

Board Changes

During the year, some non-executive directors who have distinguished themselves in the service of the bank over the years retired from the Board. These are Rear Admiral Godwin N. Kanu (NN, Rtd.), Nze (Dr.) Clement Maduako, Major General Mohammed Magoro (Rtd.) and Mr. Bismarck Rewane. Please permit me to use this forum to express the appreciation of the Board, Management and Staff to these illustrious personalities as I wish them the very best in their future endeavours.

In the same vein, the Board appointed Arch. Augustine W.U. Okam, Ichie Nnaeto Orazulike and Mr. Kayode Olowoniyi as non-executive directors. In accordance with Article 98 (2) of the Article of Association of the Bank, the new appointees will be presented for re-election today. May I also inform you that following the recommendation of management, the Board appointed Onome Joy Olaolu as Executive Director, Risk Management. Onome who has worked in Fidelity Bank Plc since 1997 is a Council Member of the Institute of Chartered Accountants of Nigeria (ICAN). She is expected to bring her wealth of experience spanning various areas of banking to bear on our Risk Management. Please join me in congratulating these respected individuals as we wish them successful tenure on the Board.

Future Outlook

Without doubt, the next six months will represent a defining moment for the entire finance industry as banks adopt a common year end. Though it is too early to conclude on the overall effects of the new era as events are still unfolding, it is certain that the emerging scenario will force a readjustment in strategies across the Nigerian banking sector as operators try to re-engineer their models to cope with the challenges the season will throw up. But in the midst of the challenges , we see some opportunities.

With decreasing access to offshore funds for example, we have realigned our model to tap into the advantages within the domestic economy by emphasising low cost deposit generation at the grassroots level. This is demonstrated by our branch expansion strategy in recent times and the massive deployment of retail products across different demographic and market segments to cope with the increasing needs of Nigerians. We are also enhancing our profile in the public sector through various partnerships with government and their agencies while taking sizable stakes in investment grade government debts to support development-focussed programmes and policies.

Finally let me assure you on behalf of the Board and Management that as we approach December 2009 and forge ahead in the quest to remain "the number one in every market we serve and every branded product we offer", we shall remain steadfast in the service of the bank, in the interest of all stakeholders and most importantly, to the glory of God.

Thank you for your cooperation over the years

God bless you all.

CHIEF (DR.) CHRISTOPHER I. EZEH, MFR

In an attempt to institutionalise a coordinated response to this crisis, the leaders of the G20 countries (a group of the 20 biggest economies in the world) in April at a summit in London pledged to inject US$1.1 trillion into the world economy particularly to help the affected poor countries . As stimulus efforts intensified in scope and numbers, signs of mild recovery began to emerge in some economies in the second quarter of 2009.

Word from the Chief Executive Officer

From a network of 23 branches in 2005, our bank presently does business through 154 branches spread across key business centres in the country. In the same vein, our workforce has increased from 400 to over 5,000 in the last four years while total assets have grown steadily.

Distinguished shareholders, fellow directors, colleagues in management, our dear customers, ladies and gentlemen.

I am very glad to welcome you to another Annual General Meeting, the twenty first in the history of our Bank. This meeting is particularly important for a number of reasons. First is that, it is the last meeting whose report will be based on June 30 as the year-end in compliance with the directive by the Central Bank of Nigeria. From next year, all of us in the Nigerian banking industry will report on our financial statements as at December 31.

In the same vein, from the next report and in line with regulatory requirements, our reporting framework will be anchored on the International Financial Reporting Standards (IFRS). By the time this measure is implemented, the industry would have moved a step further through the adoption of a globalised reporting method which is the norm in more than 115 countries around the world.

As expected in business, our industry faced a number of risks within the period under review. The operating environment was particularly challenging, a situation made more so by the global economic crisis and the desire of players to survive as competition tightened. I am happy that despite all odds, your bank has remained progressive and focussed, its management united by a vision to excel and win together. This report will preview the financial pages as well as overview the risk outlook of our business, as well as the structures put in place to serve as mitigants to the perceived risks.

Political Risk

The contentions that accompanied the election of the current Administration were finally resolved in December 2008 following the judgement of the Supreme Court which upheld the election of President Umar Musa Yar'Adua. This development, to a large extent, assisted in reshaping the political outlook of the Nigerian environment by reducing its risk perception while assuring the international business community of policy continuity, at least in the next few years. The current administration, through its programmes and actions, has seized the opportunity presented by this situation to settle down and confront the challenges of governance.

Against the background of the political events of the last few years, the influence of the judiciary and its growing relevance in the dispute resolution process has been quite remarkable and instructive, even in the reckoning of the business class. The application of law, rather than jungle justice, has significantly reinforced the confidence of watchers of Nigerian affairs in the political scene. There may still be reservations, in some quarters, particularly because of the tension generated within the polity by some rerun elections, notably the gubernatorial polls held in Ekiti State in April this year. The recent sectarian crises in some parts of Northern Nigeria, instigated by a group called Boko Haram, also raised concerns in some quarters with respect to the risk profile of the Nigerian state but the decisive actions taken by the Federal Government and the various security agencies to bring the situation under control reassured potential and existing investors of the safety of Nigeria for people and their investments.

Macroeconomic Risk

The Federal Government, through its various programmes and policies, sought to address the fundamental risks that have hindered the growth of the economy. In the 2009 budget, measurable goals and indices were set for delivery of targets. Among others, the Federal Government planned to boost power generation to 6,000 megawatts by the end of the year; construct and rehabilitate 3,293 kilometres of roads, raise investment in community policing, reduce crime rate and increase land cultivation by 5% to boost food supply. The administration also sought to increase non-oil revenue by 51% while implementing a more efficient tax administration. We believe that an efficient execution of this agenda is critical to growth, going forward.

Our market risk monitoring strategy and constant review of economic cycle variables and modelling provide us with a framework to detect possible signs of risks in order to identify and apply counter measures to address them while exploiting the opportunities that such may present.

The continuing reliance on oil as a driver of economic activity has remained a point of concern for stakeholders in the Nigerian economy. The spate of hostilities in the Niger Delta has also affected oil production and revenue of the country. However, the Nigerian government, in recognition of the need to diversify the economy and insulate the treasury from shocks in the crude oil market has come up with some economic packages. These initiatives include the N200 billion Commercial Agriculture Credit Scheme, the proposed Industrial Fund and the focus of the Seven-Point Agenda. According to the Central Bank of Nigeria, the economy is projected to grow by 5.1% in 2009. We are very confident that the various stimulus measures the Federal Government has embarked upon would lessen the adverse impact of the financial crisis on mainstream business activities and show up in the growth numbers by the end of 2009.

Industry Conditions and Operational Risk

Credit Risk

The contraction in economic activities brought about by the global financial crisis has certainly increased the default risk within the industry as many borrowers grapple with the unforeseen effects of the meltdown on their businesses. Developments in the last few months have particularly heightened tension in some key sectors that are highly leveraged and hugely exposed to the vagaries of events in the international business circle such as oil and gas, telecoms, capital market and aviation. To this extent, the possibility of credit default is higher than at any time in recent history.

This scenario has necessitated the development of risk management initiatives to protect the bank's assets from value erosion that could arise from non performing loans. As a proactive institution that emphasises safety as a core tenet of operation, our credit structures have been tightened and enhanced to mitigate any unpleasant development. We recognise, from institutions abroad and those around us,that the road to a bank failure starts with loosely and poorly implemented credit policies and controls. This philosophy is reflected in our Risk Management staffing process where utmost preference is given to skills and competence. In the same vein, we have also ensured that our risk asset portfolio is well diversified to reduce concentration risk by spreading our business lines across various areas of the economy.

Operational Risk

Business expansion and the consolidation programme have made processes and procedures more complex; increased the challenge of effective supervision of personnel and raised business cost. From a network of 23 branches in 2005, our bank presently does business through 154 branches spread across key business centres in the country. In the same vein, our workforce has increased from 400 to over 5,000 in the last four years while total assets have grown steadily. This has compelled the need for enhancement of the operational risk management framework to guard against failures of processes and procedures. In this regard, we have raised the bar in our approval and authorisation guidelines to enable us detect infractions at the earliest possible time without compromising speed and efficiency. We are also continuously upgrading our service delivery standards through effective use of technology and people to address potential areas of concern while leveraging on our experience to deliver time tested and value added services. We expect that the full implementation of our Enterprise Risk Management Framework currently being executed in conjunction with Deloitte of South Africa will raise the game for operational risk monitoring, identification, evaluation and management.

Liquidity Risk

In the business of banking, liquidity is key. It is the biggest test of a bank's strength to contend with the vagaries of business expectations without compromising its going concern status. Limitation in this regard is a signal of financial distress which affected our industry in the outgoing financial year. In these challenging times, this situation is no less important given the level of competition in our industry. The ability of a bank to compete in an economic downturn like we have seen recently is especially dependent on its liquidity profile and the extent to which it can quickly call up cash reserves to finance big ticket transactions and meet the needs of its customers. It is in this regard that we designed our asset allocation and portfolio structure to ensure that we remain sufficiently financially robust and efficiently liquid to take advantage of the opportunities that have continued to present themselves in the economy while meeting our obligations as they fall due, to all stakeholders.

Currency Risk

In the recent past, exchange rate dynamics created by the volatility of the Naira have rendered the currency risk mechanism of many institutions dysfunctional. For a country that is product monolithic and highly import dependent, the risk of experiencing an exchange rate shock is very high. This scenario was particularly brought to the fore when the Naira weakened against major currencies of the world as a result of a sharp drop in crude oil prices in the fall of 2008 and the downturn in Nigeria's crude oil production activities owing to the hostilities in the Niger Delta. Our market risk monitoring strategy and constant review of economic cycle variables and modelling provide us with a framework to detect possible signs of risks in order to identify and apply counter measures to address them while exploiting the opportunities that such may present. This therefore sharpened our reading of the unfolding economic environment which informed our proactive response to exchange risk management during the period.

Review of Sectoral Operations

Human Capital Management and Development

Despite the global financial meltdown, our bank has remained committed to capacity building and learning. Our belief is that the talent, skills and tenacity of our staff takes us through challenges and also create value for the enterprise. When markets are shrinking and bookmakers are being proved wrong, it is our discipline, commitment, creativity and innovativeness that enable us to surpass expectations and maximise wealth for our stakeholders.

Human development remained a key focus for us in the outgoing year and indeed will continue to be our thrust in the years to come. It is noteworthy that this year alone, nearly 100 senior management staff attended offshore capacity development programmes despite the economic challenges. Another 3017 staff participated in various top rated local courses covering credit, risk management, retail banking, project finance, money laundering, service excellence, and several other specialized and technical programs. This is in addition to our weekly internal knowledge sharing sessions which have become a consistent and formidable part of our knowledge management and learning culture.

Strategic Business Unit Realignment and Alliances

Despite the general economic downturn, the financial year was another success story for our corporate banking arm as the sector continued on the growth paths initiated in the previous years. This achievement was made possible and enhanced by the conscious efforts made to return their operations to fit into the changing times as the global economic crisis and the competition in the local environment intensified in a proportion never seen in recent times. To this end, the sector was restructured to accommodate more markets and business segments in a holistic service re-engineering process.

This development brought about the creation of the Business Analysis Group to further strengthen the capacity of the sector to discern business opportunities and leverage on our bank's franchise to win and execute big ticket transactions.

As a result, our bank led various transactions as financier, financial adviser and lead arranger in major developmental projects in key sectors of the Nigerian economy including Telecommunications, Real Estate, Oil and Gas, Power, Hospitality and Aviation. We executed a Development Agreement with HFP Engineering Limited for the development of a 3,000 unit Shopping Complex along the Lekki-Epe business corridor at a project size of US$50m.

In a drive aimed at supporting the realization of the Local Content Policy of the Federal Government in the oil and gas sector, our bank financed the acquisition of Metalon Energy Limited. This arrangement was facilitated to enable Metalon Energy acquire Grinaker-LTA Nigeria Limited, a South African company operating in the Nigerian oil and gas sector. In the same vein, our belief in the development of key sectors of the Nigerian economy led to our participation in the US$285 million syndicated facility extended to Sparkwest Industries Limited for the construction of an integrated steel plant in Shagamu with a combined steel rolling, fabrication and galvanizing capacity of 192,000 metric tonnes per annum and Abuja with a production capacity to fabricate and galvanize 72,000 metric tonnes of steel per annum. These transactions and alliances reflect our resolve to empower our customers to rise to their full potentials as well as hasten the diversification of the Nigerian economy.

Our participation in project finance syndications is a testimony to the health of our balance sheet. Asset allocation and portfolio strategy tilted towards the development of the real sectors of the economy. We were the Lead Arranger in the Terminal Zero Development Limited US$63 million syndicated facility for the construction of a 4-star (400 rooms) hotel at the International Airport Lagos; Financial Adviser in the US$151 million syndicated facility for Lekki – Epe Gas Distribution Pipeline Project Franchise and Akute Power

Despite the global financial meltdown, our bank has remained committed to capacity building and learning. Our belief is that the talent, skills and tenacity of our staff takes us through challenges and also create value for the enterprise.

Limited, a Special Purpose Vehicle (SPV) established by Oando Gas and Power Limited (OGP), specifically to execute the 12.5MW Independent Power Project on behalf of the Lagos State Water Corporation at its Water Works at Akute, Ogun State.

Agriculture
In a bid to contribute to the growth of agriculture in Nigeria and assist the Nigerian state achieve self sufficiency in food production; our bank was also heavily involved in the agriculture sector. A major project was the Outgrower Scheme Programme which is aimed at providing support to the Out-grower Farmers' Scheme for the cultivation of rice fields in Anambra and Ebonyi States; and for the production of Sesame in Benue, Jigawa and Katsina State for outright purchase by industrial end users – namely Olam Nigeria Limited and Ebony Agro Industries.

Farmers Out-grower programs for rice and sesame production in some states that have comparative advantage are being facilitated by United States Agency for International Development (USAID) through a programme named Maximizing Agricultural Revenue and Key Enterprises in Targeted Sites (MARKETS) under which potential out-grower farmers are identified. Under this scheme, participants are organized into cooperatives where they trained to acquire the necessary skills through capacity building.

In recognition of these, the Federal Government, through the Ministry of Agriculture and Central Bank of Nigeria, appointed us as one of the five banks to manage the N200bn Agric Credit Scheme.

Corporate Funding & Correspondent Banking
Our bank maintained its Trade Finance Intermediary (TFI) programme of the African Export-Import Bank (Afreximbank), which has been in existence since 1998. In the year under review, we enjoyed a US$60 million line of credit facility from Afrexim in addition to our qualification to guarantee other facilities that may be granted by Afrexim to Nigerian entities that meet the criteria for standalone transactions. Our bank established new correspondent banking relationship with BCGE Switzerland, Nordea Bank Sweden, KBC Bank Belgium, Commerz Bank Germany, Standard Chartered Bank, London and Islamic Development Bank which improved our foreign credit lines by US$108 million and Euros 35.8 million. This is in addition to enhanced existing lines from FBN UK, Citibank UK and US EXIM Bank.

Performance Overview

Profitability
The effects of the global financial crisis and the consequent change in the domestic and international landscape are all too obvious. Worthy of significant mention, however, is the fact that for the first time in many years, profitability became a tall order for many financial institutions as they battled to remain solvent in the face of massive diminution of capital. Despite this however, our bank maintained its path along the growth curve on key performance parameters, the underlying drivers being an articulated set of strategies focussed on long-term values rather than immediate returns. On this account, Gross Earnings grew by 69.41% from N42.66 billion to N72.27 billion within the period under review. Simultaneously, profit before provisions for risk assets and taxation also grew by 30.40% from N18.08 billion in 2008 to N23.58 billion in 2009.

However, profit after tax came down from N13.36 billion to N1.43 billion. This is a reflection of the changing dynamics in regulation in the last few months wherein the bank recognised a provision of N19.81 billion for doubtful advances and other assets as recommended in the Special Examination Report of the CBN and the National Deposit Insurance Corporation (NDIC).

Earnings Mix
The earnings profile of the bank in the last financial was largely structured, as usual, around a mix of income lines all designed to reflect the bank's growing presence in a number of business segments, products and markets. This was achieved on the back of the implementation of a set of strategies anchored on our

vision to become the "first in every market we serve and every branded product we offer". As reflected in the financials, interest income grew by 70.30% within the period under review from N30.12 billion to N51.30 billion. The competition dynamics notwithstanding, risk asset deliverables remained superior on the back of a robust risk pricing mechanism and quality portfolio structure. However, the effect of the growth in interest income was vitiated by the spike in interest expense which rose by 127.32% from N7.93 billion to N18.02 billion. Interest Expense growth reflected the tightening situation of liquidity within the period under review in the face of the challenges in the global economy and the internal operating environment. Growth in interest income was low relative to growth in interest expense essentially on account of our determination not to allow short-term considerations override our focus to maintain sustainable long-term relationships with our customers as they navigate the stormy waters of the operating environment and as the banking industry went through a tense period to retain deposits while pricing of short-term liquid assets went southwards. For instance, 90-Day Treasury Bills rate shrunk from 9.25% in June 2008 to 3.65% by June 2009. Net interest income grew by 40.24% from N22.20 billion to N33.29 billion in 2009.

As regularly highlighted in our various policy statements, deepening non interest income remains a cardinal objective as the bank continuously seeks to expand its horizon in other business areas.

Cost Management & Efficiency

As business opportunities shrank owing to the emergence of new challenges in the operating environment as well as stricter regulations, expanding the revenue-cost gap has been a challenge. However a focused cost management strategy has enabled the bank to optimize values from deployment of resources at minimal expense. Whereas operating income grew by 56.21%, operating expenses increased by 62.19% between June 2008 and June 2009. This caused operating expense to net earnings to increase from 48% in FYE 2008 to 50% in the year under review; but still within the target band of 50% - 55%. This situation was brought about by a complement of measures which have all been put in place to deliver medium-term superior returns to our shareholders. These measures include the branch network expansion programme which raised branch count from 108 in June 2008 to 140 by June 2009, enhanced ATM distribution network from 130 in June 2008 to 317 by June 2009 and fresh investments in new products and processes. Added to this, is the high inflation regime (which averaged 13.79% in the period under review compared to 5.92% in the same period in 2008) and high foreign exchange rate era which averaged $1/N118 in 2008 but was US$1/N146 by June 2009. In effect, cost was kept under control.

It is our expectation that the sustenance of cost management measures, strategic income diversification and growth, and the extraction of more value from our investment in new branches, technology processes and staff will ensure further efficiencies.

Balance Sheet Components

The structure of the bank's Balance Sheet as at financial year end June 30, 2009 is a demonstration of the changing dynamics of the bank's operations , a development essentially driven by a desire to build in the longterm, an institution anchored on a set of core professional values. A review of the bank's asset mix shows that the bank is playing down on cash and short term funds as this segment of the balance sheet was reduced by 19% from N30.9bn in June 30 2008 to N24.9bn in June 30 2009. The reduction in cash holding was influenced by a mix of macroeconomic and policy fundamentals and internal strategic focus. As the CBN reduced Cash Reserve Requirement from 4% to 1%, Minimum Liquidity Ratio from 40% to 25% and 90-Day Treasury Bill Rate from 9.25% by June 2008 to 3.65% by FYE June 2009, the need to hold large volume of cash and near cash assets became non-compelling.

To properly align our business strategies and in response to the deteriorating health of the industry, the bank also drew down on its placements with local banks by more than 43% in the period under review while it raised its placements in foreign banks by 101%. The renewed focus on foreign banks was due to its enhanced correspondent banking portfolio and increasing stakes in international business operations. As the economic crisis heightened, the possibility of loan defaults across the various market segments became real, hence the bank restructured its risk management procedures and asset portfolios. In this respect, the bank's loan book scaled down by 2.3% in the period under review.

Deposit growth has largely been affected by the decline in government revenue, particularly from crude oil, which affects every facet of the economy in Nigeria, challenges in the financial sector and the heightened threshold in deposit mobilisation as banks struggled to retain their traditional turfs and win new territories. This explains the 6% drop in deposit liabilities from N378 billion as at June 30 2008 to N355.7 billion as at June 30 2009, particularly time and current deposits. This drop was however compensated for by savings deposit, which rose by 83.56%. The success recorded in the bank's savings account portfolio came on the back of the goodwill generated by the "Save & Fly" Savings Promotion the bank ran in the financial year.

Loan Loss Provisioning

As stated earlier, loan loss provisioning assumed a new dimension this year against the background of the Special Examination jointly conducted by the CBN and the NDIC. Within this period, the provisioning figure increased by 1,016% from N1.77 billion to N19.81 billion. We do not anticipate a significant reversal of the underlying assets on whose loans provisions have been made in the short term, particularly quoted equities. However we are confident that as the economy and the financial markets improve, many of these assets will recover their value to return the amounts written off as recoveries.

Outlook

The Economy

We expect the upward swing in crude oil price and the success of the Amnesty programme to impact positively on the revenues of governments of Nigeria in the short run. This should provide an anchor for strong liquidity in the monetary system prior to December 31 2009. In this respect, we are certain that governments across the federation will pursue expansionary agenda and push quantum amounts of funds into the economy.

As economies shake off the impacts of the financial crisis, consumption expenditure is expected to rise. Consequently, commodity prices will go up. Goldman Sachs, Deutshe Bank and a host of other market watchers forecast that the price of crude oil is likely to reach the US$100 mark in the medium term. This development coupled with the anticipated peace conditions in the Niger Delta should soften the ground for achievement of certain macroeconomic targets and move growth in the region of the 5.1% anticipated by monetary policy authorities. This position should serve as a useful platform for the Naira to firm up and regain some of the lost grounds of late 2008/early 2009. As government revenue increases, we expect a boost in foreign reserves. Our analysis of the Medium Term Economic Framework recently published by the Federal Government does not however suggest that the government intends to pursue an aggressive interventionist policy that would ensure a strong Naira in the foreign exchange market. On the real sector, inflation may move slightly below the double-digit mark to a marginal threshold of single digit as lagging demand and weak purchasing power keep prices in check.

The Financial Market

Activities in the financial market will continue to repond to policies issued recently by the CBN. Though government stimulus package will keep the market liquid, many banks would remain bearish in terms of risk asset creation. Liquid assets with low returns shall remain cardinal as investment instruments in the medium term. As December 31 (common year-end) approaches, inter-bank transactions are expected to be low. To this extent, credit expansion may remain constrained with the result reflected in high lending rates.

Risk Management

As we approach another year-end, we do not foresee a balance sheet situation that would compel the same level of provisioning as has been witnessed in the previous quarters. We recognize that the new dispensation has brought a new approach to risk management which must be reflected in the operational principles of many organisations. As the industry repositions itself to accommodate new techniques in credit administration and remedial services, we have raised the bar in our risk management standards to enable us remain in tune with developments at all times. In order to drive home the new vision, our Risk Management team has begun to put in place measures in this direction, many of which we believe will crystallize into lower provisioning numbers in the years ahead.

Conclusion

We expect the next few months to December 31 2009 to be a defining phase in the nation's financial services business. The struggle to be ahead of competition will remain on top of the agenda as many banks struggle to maintain strong balance sheet positions. As we remain committed to our ideals of integrity, professionalism and service, we shall face the immediate future with the same philosophy that has been our operational principle in the last few years.

Thank you and may God bless you all.

REGINALD IHEJIAHI
Managing Director & Chief Executive Officer

Risk Management

Risk Management Framework

The following key principles govern our approach to enterprise-wide risk management:

- o Our risk management policies and procedures are designed to identify, assess, measure, mitigate, monitor, manage and report significant risk exposures in our consolidated group. The policies are subject to annual reviews.
- o We manage all classes of banking risk broadly categorized into credit, market, liquidity and operational risk independently but in a co-ordinated manner at all relevant levels within our organization.

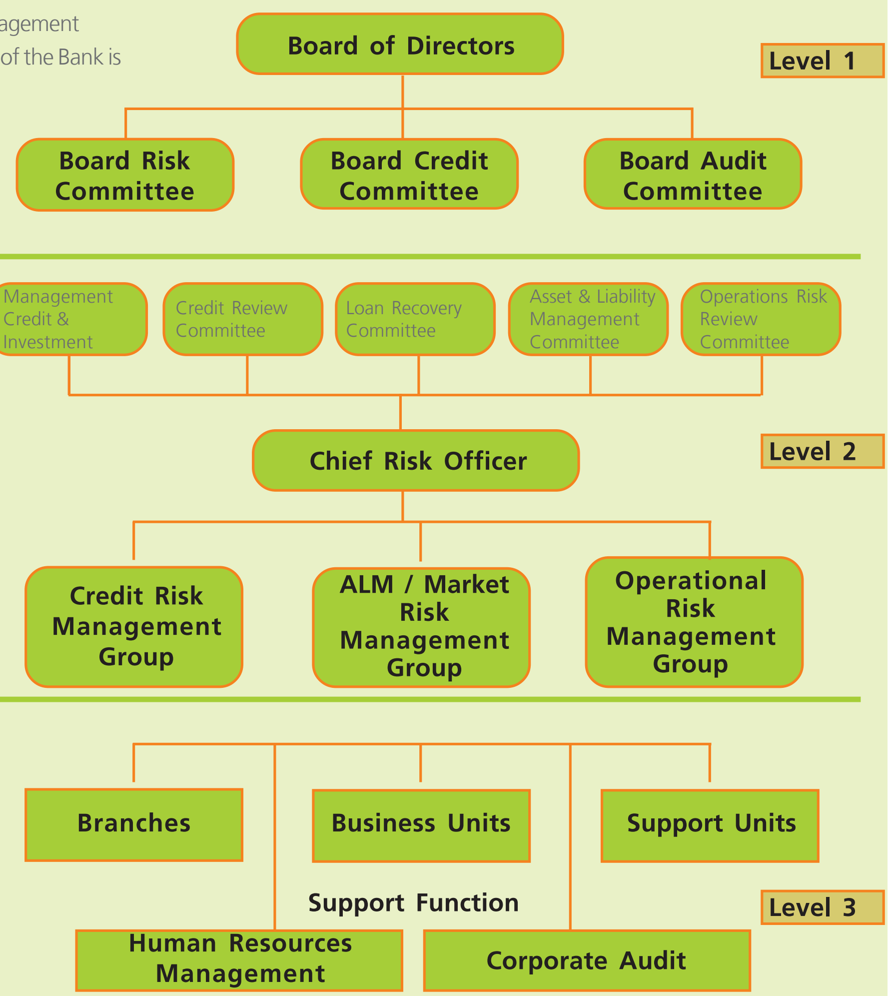
Risk Management Organization

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

The Risk Management Organogram of the Bank is as follows:



Committee (ALCO), Operational Risk Review Committee (ORRC), Management Performance Reporting Committee (MPR), The Chief Risk Officer (CRO) and Heads of Credit Risk Management, 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.

Enterprise Risk Philosophy

Fidelity Enterprise Risk Mission

"To proactively anticipate and stem enterprise-wide losses that may be occasioned in the prosecution of the Bank's mission of making banking services easy and accessible "

Risk Culture

The Bank's risk culture proactively anticipates & stems 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

Risk appetite determines the quantum of risk that the bank would assume in pursuit of its business objectives at any point in time. The Bank's risk appetite is defined quantitatively at two levels: at the enterprise level and at the Business / Support Unit level.

To give effect to the above, the Board of Directors of the Bank set target Key Performance Indicators (KPI's) at both enterprise and business / support unit levels based on recommendations from the Executive Management Committee (EXCO). At the Business and Support unit level, the enterprise KPI's 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 KRI's 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. This is the largest single risk we carry as a Bank.

We distinguish between two kinds of credit risk:

- Default Risk is the risk that counter-parties fail to meet contractual payment obligations.
- Settlement Risk is the risk that the settlement or clearance of transactions will fail. It arises whenever the exchange of cash, securities and/or other assets is not simultaneous.

We measure and manage credit risk following the principles 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.
- We assign credit approval authorities to individuals according to their qualifications, experience, training and quality of previous credit decisions. These are also reviewed periodically.
- 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.

- o Our respective business units are required to implement credit policies and procedures while processing credit approvals including those granted by Management and Board Committees.
- o Each business unit is responsible for the quality, performance and collection of its credit portfolio including those approved by the Management and Board Committees.
- o 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 not only affects the structuring of the transaction and the outcome of the credit decision, but also influences the level of decision-making authority required to extend or materially change the credit and the monitoring procedures we apply to the on-going exposure.
We have our own in-house assessment methodologies and rating scale for evaluating the creditworthiness of our counter-parties. Our programmed 9-grade rating model was developed in collaboration with Agusto & Company, a foremost rating agency in Nigeria, enables us to compare our internal ratings with common market practice and ensures comparability between different portfolios of our institution. We generally rate all our credit exposures individually.

Credit Limits

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

Monitoring Default Risk

We monitor all of our credit exposures on a continuing basis using the risk management tools described above. We also have procedures in place to identify at an early stage credit exposures for which there may be an increased risk of loss. Counter-parties that on the basis of the application of 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 counter-parties where problems might arise, the respective exposure is placed on a watch-list.

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

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

We assume market risk in both our trading and non-trading activities. We underwrite market risks by making markets and taking proprietary positions in the inter-bank, bonds, foreign exchange and other security markets.

The bank separates its market risk exposures between the trading and the banking books. Overall authority and management of market risk in the Bank is invested on the Assets and Liability Management Committee (ALCO).

Our ALM / Market Risk Group assists the Board Risk Committee (BRC) and the Assets and Liability Management Committee (ALCO) in setting risk limits. Established risk limits monitored on a daily basis by our Market Risk Group include intra day, currency, open position, dealers, deposit placement, stop loss and management action trigger limits. Daily positions of our trading book are marked-to-market to enable the Bank obtain an accurate view of its trading portfolio

exposure. Financial market prices used in the mark-to-market exercise are independently verified to the financial markets by the Market Risk Group.
Liquidity Risk

Liquidity management safeguards the ability of the bank to meet all payment obligations when they come due. Our liquidity risk management framework has been an important factor in maintaining adequate liquidity and a healthy funding profile during the year.

Liquidity Risk Management Framework
Our corporate treasury is responsible for liquidity risk management. Our liquidity risk management framework is designed to identify, measure and manage our liquidity risk position at all times. Underlying Assets and Liabilities Management policies and procedures are reviewed and approved regularly by the Assets and Liability Management Committee (ALCO).

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 then 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.

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 behaviour of cash flows.

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
Diversification of our funding profile in terms of investor types, regions, products and instruments is an important element of our liquidity risk management framework. Our core funding resources are retail, commercial and corporate customer deposits and our long-term tier 1 capital funds.

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.

Operational Risk
Operational risk is the potential for loss arising from inadequate or failed people, processes, and systems and 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 cover 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 in collaboration with the risk consultancy practice of Deloitte, South Africa, 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 occurence 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.

Fidelity Agri-Nigeria Project

In April this year, Fidelity Bank launched the Agri-Nigeria Project - an initiative of the bank to support the government's efforts in revamping the agricultural sector of the economy. The thrust of the Project is to encourage and empower a new generation of Nigerian farmers and agri-business entrepreneurs. The launch, held at the Musa Yar'Adua Centre in Abuja, was attended by many dignitaries, including the Hon. Minister of Agriculture and Water Resources. Over 25 companies in the agric sector exhibited their products - from tractors to fruit juice.

R-L: MD & CEO of Fidelity Bank Plc, Mr. Reginald Ihejiahi; Hon. Minister of Agriculture and Water Resources, Dr. Sayyadi Abba Ruma; Chairman, Senate Committee on Banking & Insurance, Senator Nkechi Nwogu; Permanent Secretary, Ministry of Agriculture and Water Resources, Mr. Otaki Oyegbenu; Deputy President of All Farmers Association of Nigeria (AFAN).


The Minister, Fidelity CEO and other dignitaries unveil an artificial farm put together by Fidelity at the launch venue.

Sectoral Leadership Lectures

Within the year, Fidelity Bank began the Sectoral Leadership Lecture Series aimed at supporting the leaders of the various sectors of the economy through knowledge-sharing.

(L-R): Foluso Philips, CEO, Phillips Consulting; Reginald Ihejiahi, MD & CEO, Fidelity Bank Plc; and Alhaji Aliko Dangote, Chairman, Dangote Group at the seminar on Global Financial Crisis; Implications for Businesses in Nigeria.

(L-R): B.J.Rewane, Guest Lecturer; Abdul-Rahman Esene, ED, Investment Banking & Public Sector, Fidelity Bank; Labi Williams, Investment Principal, Actis LLP & Reginald Ihejiahi, CEO, Fidelity Bank at the lecture on Asset Management.

Social Investing

As part of her Corporate Social Responsibility, in November last year, Fidelity Bank donated a bus and large quantities of food and household items to the Children's Home, Karu, Abuja.

Chairman of the Governing Council of the Home, receiving the keys to the bus and other items from the Chairman of the Board of Directors of Fidelity Bank, Chief (Dr.) Chris Ezeh.

Some Directors of the Bank inspecting the Home.

Handshake across continents

His Excellency, Mr. Ariel Van Der Wiel, Netherlands Ambassador to Nigeria, Fidelity CEO, Mr. Ihejiahi and Basil Omiyi, Country Chairman, Shell Nigeria.

Fidelity Bank Plc is a member of many bilateral and multilateral business associations where it plays prominent roles. In July this year, for instance, Fidelity Managing Director, Mr. Reginald Ihejiahi took over from the Country Chairman of Shell Petroleum Development Corporation, Mr. Basil Omiyi, as the Chairman of Council of the Nigeria-Netherlands Chamber of Commerce.

(R-L) Fidelity Bank CEO, Mr. Ihejiahi, the US Ambassador to Nigeria, Ms Robin Renee Sanders and Fidelity Bank Executive Director, Shared Services, Mr. Ik Mbagwu during a courtesy visit of the US Ambassador to Fidelity Bank.

Board of Directors

1	Chief Christopher I. Ezeh	(Chairman)	8	Dim Elias Nwosu	
2	Reginald Ihejiahi	(Managing & CEO)	9	Chief Nnamdi Oji	
3	Willie M. Obiano	(Executive)	10	Arch. A.W.U Okam	
4	Abdulrahman Esene	(Executive)	11	Kayode Olowoniyi	
5	Ik. Mbagwu	(Executive)	12	Ichie Nnaeto Orazulike	
6	Onome Joy Olaolu	(Executive)	13	Mal. Umar Yahaya	
7	Mrs. Bessie N. Ejeckam				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Report of the Directors

For The Year Ended 30 June 2009

The Directors are pleased to submit their report together with the financial statements for the year ended June 30 2009

1. RESULTS

	N'm
The Group's profit for the year after taxation was	1,430,757
Minority interest	403,135
Profit after taxation and minority interest	1,833,893
Less appropriation:	
Transfer to Statutory Reserve	689,040
Transfer to General Reserve	1,144,853

2. In respect of the current year, the Directors propose that a dividend of 5 kobo per ordinary share be paid to shareholders after approval at the Annual General Meeting (AGM). The proposed dividend is subject to withholding tax at the appropriate tax rate and is payable to shareholders whose names appear on the Register of Members at close of business on December 14, 2009.

3. LEGAL FORM

The Bank was incorporated 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 shares were quoted on the Nigerian Stock Exchange on May 17 2005.

4. PRINCIPAL BUSINESS ACTIVITIES

The Bank provides commercial banking services from its Headquarters in Lagos and 154 branches.

5. BENEFICIAL OWNERSHIP

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

6. SHARE CAPITAL

The range of shareholding as at June 30 2009 is as follows:

Range			No of Holders	Units	Units %
1.00	-	1,000.00	95,520	80,257,277	0.28
1,001.00	-	5,000.00	184,234	513,560,675	1.77
5,001.00	-	10,000.00	60,281	498,676,785	1.72
10,001.00	-	50,000.00	79,952	1,895,828,053	6.54
50,001.00	-	100,000.00	15,125	1,214,390,598	4.19
100,001.00	-	500,000.00	13,022	2,914,662,877	10.06
500,001.00	-	1,000,000.00	1,784	1,324,772,888	4.57
1,000,001.00	-	5,000,000.00	1,251	2,734,027,774	9.44
5,000,001.00	-	10,000,000.00	197	1,500,009,349	5.18
10,000,001.00	-	28,974,797,023.00	274	16,298,610,747	56.25
			451,640	28,974,797,023	

7. DIRECTORS AND THEIR INTERESTS

.1 The names of the present Directors are listed on page 24.

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

Major General Mohammed Magoro (Rtd), Rear Admiral Godwin N. Kanu, Nze Clement Maduako and Mr. Bismarck J. Rewane retired from the Board.

Arc. Augustine W. U. Okam, Ichie Nnaeto Orazulike and Mr. Kayode Olowoniyi were appointed as Non Executive Directors, while Mrs Onome Olaolu was appointed as an Executive Director.

In accordance with Article 95(1)(a) of the Articles of Association of the Bank, the Directors retiring by rotation are Dim Elias E. Nwosu, Mrs Bessie N. Ejeckam, Mr. Nnamdi I. Oji and Mallam Umar Yahaya and being eligible, they offer themselves for re-election.

3. Directors' shareholdings:

			Jun-09	
NAME OF DIRECTOR	DIRECT	INDIRECT	TOTAL	Jun-08
Chief Christopher I. Ezeh	35,500,508	NIL	35,500,508	35,500,508
Mallam Umar Yahaya	1,073,575	NIL	1,073,575	1,073,575
Mr Nnamdi Oji	305,400	83,277,680	83,277,680	83,583,080
Mrs Bessie N. Ejeckam	3,069,996	133,165,409	136,235,405	136,235,405
Chief Elias E. Nwosu	NIL	653,704,655	653,704,655	653,704,655
Arc. Augustine W. U. Okam	316,010,714	NIL	316,010,714	N/A
Ichie Nnaeto Orazulike	NIL	1,665,300	1,665,300	N/A
Mr Kayode Olowoniyi	50,000	NIL	50,000	N/A
Mr Reginald Ihejiahi	87,617,709	NIL	87,617,709	87,617,709
Mr Willie M. Obiano	59,473,609	NIL	59,473,609	59,473,609
Mr Abdulrahman Esene	3,005,738	NIL	3,005,738	3,005,738
Mr Ik. Mbagwu	1,925,000	NIL	1,925,000	1,925,000
Mrs Onome Olaolu	82,046	NIL	82,046	N/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 June 30 2009 and on the profit for the period ended on that date, which have not been adequately provided for or disclosed.

9. DIRECTORS' RESPONSIBILITIES

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 financial year, and of the profit or loss for that period, and which comply with the provisions of the Companies and Allied Matters Act, 1990 and the Banks and Other Financial Institutions Act, 1991.

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.

10. DONATIONS & CHARITABLE CONTRIBUTIONS

Donations and gifts to charitable organisations during the year amounted to N11,127,700.00 (2008 - N12,849,850.00). There were no donations to political organisations during the Year. The beneficiaries are:

1.	Itire Nursery & Primary School - Graduation & Prize Giving Day	30,000
2.	Contemporary Health Foundation - Breast Cancer Awareness Programme	700,000
3.	Ikeja Golf Club - Ladies' Section - sponsorship of 2008 championship	2,000,000
4.	Central Association of Nigerians in the UK - sponsorship of Family Day	797,700
5.	Corona School Gbagada PTA - sponsorship of Teachers' Day	100,000
6.	Ikoyi Club - sponsorship of 70th Annual Dinner	2,000,000
7.	Institute of Chartered Accountants of Nigeria - support for ICAN Conference - 2008	1,000,000
8.	Institute of Chartered Secretaries & Administrators of Nigeria - ICSAN - 32nd Annual Conference	3,000,000
9.	Shettima Ali Monguno Foundation	500,000
10.	National Agricultural Foundation - Sponsorship of Agricultural show	1,000,000
	Total	**11,127,700**

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.

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 their future development continues to be a top priority. Each employee has a documented training and career development programme. To this end, short and long term training programmes are tailored to suit the requirements of both employees and the Bank. Employees are adequately rewarded and motivated to achieve results.

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, staff have access to a fully integrated health care delivery system, with primary, secondary and tertiary healthcare services.

12. AUDITORS

The Joint Auditors, Messrs Akintola Williams and Messrs Parnell Kerr Forster (PKF) 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 authorise the Directors to determine their remuneration.

BY ORDER OF THE BOARD

CHIJIOKE UGOCHUKWU (MRS)
Company Secretary

LAGOS, NIGERIA
NOVEMBER 20, 2009

Corporate Governance Report

INTRODUCTION

Fidelity Bank Plc remains committed to achieving and maintaining best practices in corporate governance by ensuring accountability of specific individuals, through mechanisms that reduce or eliminate procedural breaches.

The Bank continues to comply with its internal governance policies and the Central Bank of Nigeria's (CBN) formal Code of Corporate Governance for Banks and other financial institutions in Nigeria. The CBN's Code of Corporate Governance is very detailed and covers a wide range of issues, including organisational structure, quality of Board membership, Board Performance Appraisal, Reporting Relationship, Disclosure Requirements, Risk Management and Role of Auditors.

Fidelity undertakes an internal monthly assessment of compliance with the CBN Code and submits a monthly Corporate Governance Compliance Report to the CBN on matters specified in the Code.

As a public quoted company, Fidelity also complies with the Code of Corporate Governance for Public Companies in Nigeria issued by the Securities & Exchange Commission Committee.

At Fidelity, all Board Members are members of the Institute of Directors of Nigeria (IOD) and the Bank Directors Association of Nigeria (BDAN), two non profit organisations dedicated to promoting best corporate governance practices and the highest ethical standards for Nigerian Companies/Banks.

The Directors also participate in various training programmes and periodic Board Retreats aimed at improving the effectiveness of the Board.

KEY GOVERNANCE DEVELOPMENTS

Major governance developments during the period under review include:

i. Reconstitution of the Board of Directors with effect from January 1, 2009 following the expiration of the three year tenure of the Post Merger Transition Board on December 31, 2008.

ii. Deployment of a robust whistle blowing procedure and framework for the Bank. The whistle blowing procedure has been extensively communicated to staff and other stakeholders. An Ethics Committee has also been established in furtherance of this initiative.

iii. An evaluation of Board and individual Directors performance was undertaken during the year by an independent consultant. The Report of the Independent Consultant is included in the Annual Report.

CORPORATE GOVERNANCE FRAMEWORK:

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

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

THE BOARD OF DIRECTORS

The Board (Structure and Responsibilities):

Fidelity continues to operate a unitary board system in which the Board has both Supervisory and Management functions. These functions are split between the Executive Board, which comprises five (5) Executive Directors and the Supervisory or Full Board, which comprises thirteen (13) Directors (i.e. the five Executive Directors and eight Non Executive Directors).

The Executive Board is the key management organ of the Bank and is primarily responsible for achieving its corporate operating and strategic 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 Board of Directors of Fidelity Bank, which is at the apex of the company's governance structure, is accountable to all stakeholders and plays a key role in corporate 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 also responsible for providing stable and effective leadership for the Bank, to facilitate achievement of its corporate operating objectives and performance expectations of investors.

All Directors are persons of high integrity, who are competent, knowledgeable and proficient in their professional career, business and or vocation. The professional background of Board members reflects these ideals. 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 and treasury management.

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/Chief Executive (MD/CE) is responsible for the day to day management of the enterprise and its overall performance.

Board Meetings:

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

Name	Designation	Number of Meetings Held	Number of Meetings Attended
Chief Christopher I. Ezeh	Chairman	9	9
Mallam Umar Yahaya	Non Executive	9	9
Chief Nnamdi Oji	Non Executive	9	9
Mrs Bessie N. Ejeckam	Non Executive	9	9
Chief Elias E. Nwosu	Non Executive	9	9
Arc. Augustine W. U. Okam (appointed with effect from March 10, 2009)	Non Executive	9	*1
Ichie Nnaeto Orazulike (appointed with effect from March 10, 2009)	Non Executive	9	*1
Mr Kayode Olowoniyi (appointed with effect from April 1, 2009)	Non Executive	9	*1
Mr Reginald Ihejiahi	Executive	9	9
Mr Willie M. Obiano	Executive	9	8
Mr Abdulrahman Esene	Executive	9	8
Mr Ik. Mbagwu	Executive	9	9
Mrs Onome Olaolu (appointed with effect from August 20, 2009)	Executive	9	**Nil

* *Only one meeting convened since the date of appointment to the Board.*

** *Appointment was after the period under review.*

BOARD COMMITTEES

The Board's functions are further dispensed through the six Board Committees indicated below, which work closely with the Executive Board to achieve their objectives.

1. **Board Credit Committee:**
   This Committee functions as a Standing Committee of the Board with responsibility for Credit Management.

The Committee comprises three (3) Non Executive Directors. Its terms of reference include:

- Exercising all board assigned responsibilities on Credit related issues.
- Review and recommend to the full Board, Credit Policy changes.
- Ensure compliance with regulatory requirements on credits.
- Approving credits above the Management credit approval limits.
- Tracking the quality of the Bank's loan portfolio through quarterly review of risk assets.
- 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.
- Consider and recommend for full Board approval, any Director, Shareholder and Insider related credits.
- 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:

Name	Designation	Number of Meetings Held	Number of Meetings Attended
Mallam Umar Yahaya	Non Executive	14	13
Chief Nnamdi Oji	Non Executive	14	13
Chief Elias E. Nwosu	Non Executive	14	14

2. **Board Risk 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 and its terms of reference include:

- Exercising all Board assigned responsibilities on Risk related issues.
- Ensuring compliance with the Bank's Enterprise Risk Policies including Credit Risk, Market Risk and Operational Risk Policies.
- Ensure 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:

Name	Designation	Number of Meetings Held	Number of Meetings Attended
Chief Nnamdi Oji	Non Executive	3	3
Arc. Augustine W. U. Okam (appointed with effect from March 10, 2009)	Non Executive	3	3
Mr Kayode Olowoniyi (appointed with effect from April 1, 2009)	Non Executive	3	3

3. **Board Audit Committee:**

The Board Audit Committee is comprised of four (4) Non-Executive Directors. The Committee's terms of reference include:

- Reviewing internal and external audit reports periodically.
- Periodically review and recommend for full Board approval accounting, operations and procedural policies and controls for the Bank.
- Evaluating the performance and effectiveness of the Bank's External Auditors and make recommendations to the full Board as to their retention or change.
- Reviewing major expense lines periodically.
- 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 is are follows:

Name	Designation	Number of Meetings Held	Number of Meetings Attended
Arc. Augustine W. U. Okam (appointed with effect from March 10, 2009)	Non Executive	5	*1
Mrs Bessie N. Ejeckam	Non Executive	5	5
Chief Nnamdi I. Oji	Non Executive	5	5
Mr Kayode Olowoniyi (appointed with effect from April 1, 2009)	Non Executive	5	*1

**Only one meeting convened since the date of appointment to the Board.*

4. **Board Standing Committee:**

The Board Standing Committee comprises four (4) Non-Executive Directors and its terms of reference include consideration of:

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

Name	Designation	Number of Meetings Held	Number of Meetings Attended
Mrs Bessie N. Ejeckam	Non Executive	6	6
Chief Elias E. Nwosu	Non Executive	6	6
Arc. Augustine W. U. Okam (appointed with effect from March 10, 2009)	Non Executive	6	*1
Ichie Nnaeto Orazulike (appointed with effect from march 10, 2009)	Non Executive	6	*1

** Only one meeting convened since the date of appointment to the Board.*

5. **Board Remuneration Committee:**
The Board Remuneration Committee comprises three (3) Non-Executive Directors. Its terms of reference include consideration of all issues related to Executive Management compensation.

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

Name	Designation	Number of Meetings Held	Number of Meetings Attended
Mallam Umar Yahaya	Non Executive	2	2
Mrs Bessie N. Ejeckam	Non Executive	2	2
Ichie Nnaeto Orazulike (appointed with effect from March 10, 2009)	Non Executive	2	*1

** Only one meeting convened since the date of appointment to the Board.*

6. **Board Corporate Strategy & Business Development Committee:**
This Committee comprises four (4) Non Executive Directors and its terms of reference include:

- Harnessing the Board's contacts and resources for expanding the Bank's business.
- Regularly reviewing the business development strategy of the Bank and its execution.
- Evaluating significant developments in the global economy and how they impact on the Bank.
- 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:

Name	Designation	Number of Meetings Held	Number of Meetings Attended
Mallam Umar Yahaya	Non Executive	2	1
Chief Elias E. Nwosu	Non Executive	2	2
Ichie Nnaeto Orazulike (appointed with effect from March 10, 2009)	Non Executive	2	*1
Mr Kayode Olowoniyi (appointed with effect from April 1, 2009)	Non Executive	2	*1

Only one meeting convened since the date of appointment to the Board.

SHAREHOLDERS AUDIT COMMITTEE

This Committee is established in compliance with Section 359 (3) of the Companies & Allied Matters Act, 1990. 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. The Committee meets quarterly or as the need arises. Membership and Attendance at meetings during the period under review are as follows:

Name	Designation	Number of Meetings Held	Number of Meetings Attended
Chief Sunday A. Odeleye (late)	Shareholder	4	4
Chief Augustine F. Agorua, JP	Shareholder	4	4
Dr. Christian S. Nwinia	Shareholder	4	2
Mrs. Bessie N. Ejeckam	Non Executive	4	3
Chief Nnamdi I. Oji	Non Executive	4	3
Arc. Augustine W. U. Okam (appointed with effect from April 1, 2009)	Non Executive	4	*Nil

**No meeting convened since the date of appointment to the Board*

Regretfully, the Chairman of the Shareholders Audit Committee, Chief Stephen A. Odeleye passed on during the period under review. In the circumstance, Chief Augustine F. Agorua was appointed as Chairman of the Committee.

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:

- Determine the strategic planning objectives of the Bank.
- Review the business plan and ensure that same is in keeping with objectives.
- Review the Human Resource and Audit Policy of the Bank.
- Review all decisions 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:

- Review the economic outlook and its impact on the Bank's strategy.
- Ensure adequate liquidity.
- Ensure that Management interest rate risks are within acceptable parameters.
- Maintain and enhance the capital position of the Bank.
- 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:

- Review of the Bank's Credit Policy Manual.
- Establishing Minimum Lending Rate (MLR).
- Establishing the Prime Lending Rate (PLR).
- Approving Target Market Definitions (TMD).
- Approving Risk Asset Acceptance Criteria (RAAC).
- Approving New Credit Products & Initiatives.
- Approving Individual Lending Limits subject to confirmation from Sector Head, Risk Management.
- Pre-approval of Platform Credits (Product papers).
- Approving Risk Rating.
- Approving Inter-Bank and Discount House Placement Limits.
- Approving Exposures up to maximum of N100 Million.
- Approving Credit Portfolio Structures and Market Development.

4. **Credit Review Committee:**
The Credit Review Committee is charged with the following:

- Review of the Bank's credit risk portfolio.
- Review of collateral documentation to ensure compliance with approvals.
- Review of non-performing loan stock.
- Approving recovery strategies for bad loans.
- Approving portfolio classification/reclassification and level of provisioning.
- 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:

- Review of the Bank's performance monthly.
- Monitor budget achievement.
- Assess efficiency of resource deployment in the Bank.
- Review product performance.
- Reappraise cost management initiatives.

GENERAL

Except for the Board Credit Committee which meets monthly, all other Board and Board Committee meetings are held quarterly or as the need arise. 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 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.

In addition to the above, Fidelity is conscious of regulatory reporting requirements and routinely discloses any material information to all stakeholders. To this end, the Bank has developed firm structures for information dissemination via direct communication to interested parties using electronic and print media and its website.

The Bank diligently submits its financial reports quarterly, half yearly and annually to the Nigerian Stock Exchange for publication following approval by the CBN.

Audit Committee’s 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 30 June 2009 and are satisfied with the explanations obtained.

iii) Reviewed the External Auditors Management Report for the year ended 30 June 2009 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 30 June 2009 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.

Chairman, Audit Committee

Members of the Audit Committee are:

1.	Chief Augustine F. Agorua, JP	-	Member
2.	Dr. Christian Nwinia	-	Member
3.	Mr. Stephen Odeleye	-	Member (Late)
4.	Mrs. Bessie N. Ejeckam	-	Member
5.	Chief Nnamdi I. Oji	-	Member
6.	Arc. Augustine W. U. Okam	-	Member

Report of the Independent Consultants on Corporate Governance

KPMG

Summary Report to the Shareholders

We conducted the appraisal of the Board of Fidelity Bank Plc ("the Bank") for the year ended 30 June, 2009 in accordance with the standards set by the Central Bank of Nigeria (CBN) Code of Corporate Governance for Banks in Nigeria Post Consolidation ("the CBN Code"). Corporate governance is the system by which business corporations are directed and controlled to enhance performance and long term shareholder value.

The Board size and composition are in line with the CBN code, except for the appointment of independent non-executive directors. The number of Non-executive Directors exceeds that of the Executive Directors. The Board members demonstrate requisite business expertise and are knowledgeable about financial matters. The Board has established relevant Committees to assist in the discharge of its duties and responsibilities. The roles of the Chairman of the Board and the CEO of the Bank are separated, and the Board Chairman is neither a Chairman nor member of any Board Committee.

The Board has an annual cycle of agenda items. The Board and Board Committee meetings were held regularly on at least a quarterly basis except for the Board Compensation and Board Strategy and Business Development Committees that each held two meetings during the year. Adequate quorum was formed at the meetings, and advance notice and Board papers were sent to the members prior to the meetings. The Board has established a risk management framework to ensure adequate oversight and monitoring of the Bank's business risks.

The principal recommendations for improvement in the Bank's corporate governance practices arising from our appraisal of the Board in accordance with the CBN Code were in the following areas: appointment of independent Directors, Directors' training and continuous education, and Directors' remuneration.

KPMG PROFESSIONAL SERVICES
Lagos, Nigeria
October 2009.

Report of the Independent Joint Auditors

To the Members of Fidelity Bank Plc

Report on the Financial Statements

We have audited the financial statements of Fidelity Bank Plc as at 30 June 2009 set out on pages 2 to 27 which have been prepared on the basis of the significant accounting policies on pages 2 to 5 and other explanatory notes on pages 9 to 23.

Director's Responsibility for the Financial Statements

In accordance with the Companies and Allied Matters Act, CAP C20, LFN 2004, the Bank's Directors are responsible for the preparation and fair presentation of these 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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the Group and the Bank have kept proper accounting records and the financial statements are in agreement with the records in all material respects and give in the prescribed manner, information required by the Companies and Allied Matters Act, CAP C20, LFN 2004 and the Banks and Other Financial Institutions Act CAP B3 LFN 2004. The financial statements give a true and fair view of the financial position of Fidelity Bank Plc as at 30 June, 2009, and of its financial performance and its cash flows for the year then ended in accordance with the Statements of Accounting Standards issued by the Nigerian Accounting Standards Board.

Other reporting responsibilities

In accordance with Circular BSD/1/2004 issued by the Central Bank of Nigeria details of insider related credits are as disclosed in Note 36.

Contraventions

The Bank contravened a section of the provisions of the Banks and Other Financial Institutions Act CAP B3 LFN 2004. The particulars thereof and the penalty paid thereon are set out in Note 37.

Akintola Williams Deloitte.

Chartered Accountants
Lagos, Nigeria
13 October 2009

PKF Pannell Kerr Forster

Chartered Accountants
Lagos, Nigeria
13 October 2009

Statement of Accounting Policies

A summary of the statement of significant accounting policies consistently applied by the Bank in the preparation of its financial statements are as follows:

1. Basis of accounting

The financial statements are prepared under the historical cost convention.

2. Basis of consolidation

The group financial statements include the financial statements of the bank, Fidelity Pension Managers Limited and Fidelity Securities Limited with two of its subsidiaries, FUSL Insurance Brokers Limited and FUSL Nominees Limited. All the financial statements are made up to 30 June.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

3. Intangible assets

Intangible assets consist of computer software and the costs associated with the 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 recognised as intangible assets. These costs are amortised on the basis of straight line at the rate of 20%. Costs associated with maintaining software programs are recognised as an expense when incurred.

4. Fixed assets

.1 Fixed assets are stated at cost less accumulated depreciation.

.2 Assets on operating lease are treated as fixed assets. The relevant assets are purchased in the name of the bank and subsequently leased to customers as operating leases, usually on short term basis. Such assets are depreciated.

5. Depreciation

Depreciation is provided on a straight line basis on all items of fixed and leased assets at rates calculated to write off the cost of each asset over its estimated useful life at the following annual rates:

Furniture and fittings		-	20%
Computer and equipment		-	20%
Motor vehicles		-	25%
Assets on lease	- Motor vehicles	-	25%
	- Other assets	-	20%
Land and buildings	- Freehold	-	2%
	- Leasehold		Over the period of lease

6. Finance Lease

Assets leased out to customers under finance leases are accounted for at the present value of the minimum lease payments less the amount charged against the rentals.

Provisions are determined from a specific assessment of each customer's account and relate to those advances considered doubtful in line with CBN Prudential Guidelines for Licensed Banks. A general provision of at least 1% is made on advances which have not been specifically provided for.

Income arising there from is allocated to each year on the basis of the annual finance charges that are equivalent to the implicit interest rate agreed on the facility.

7. Investments

Long term investments are stated at cost. Provisions are made for permanent diminution in the value of such investments.
Short term investments are stated at lower of cost and market value. Provisions are made on item by item basis for diminution in value.

8. Income recognition

1 Interest is recognised on accrual basis daily, on all assets and liabilities to which interest is applicable and is included as either income or expenses in the profit and loss account. Interest on non-performing credit facilities is suspended and only recognised on recovery of the related asset.

2 Credit-related fees and income, where material and collectibility is not in doubt, are deferred and amortised systematically over the life of the related credit. Credit-related fees are considered material if they constitute at least 10% of the projected average annual yield over the life of the facilities to which they relate. Where it is not material, it is recognized as and when earned.

3 Non-credit related fees are recognised on collection.
Rentals are recognized as income when due from the lessee.

9. Risk assets

Risk assets (which include loans, advances, overdrafts, commercial papers, bankers' acceptances, bills discounted and leases connected with the bank's credit risks) are reviewed monthly with a view to identifying performing and non-performing facilities.

Once an account shows signs of non-performance (e.g. interest or instalmental repayment is due and unpaid) interest due is immediately suspended, that is, ceases to be recognised in the profit and loss account and is released to profit only when such amounts are recovered.

Placements with financial institutions are given the same treatment as risk assets in loss recognition.

10. Loan loss recognition

1 Specific provisions were made against non-performing loans and advances, and other risk assets while a general provision of 1% is made for loans and advances not specifically provided for in accordance with the prudential guidelines of the Central Bank of Nigeria

2. Provision for non-performing loans and advances is made in accordance with the Prudential Guidelines as follows:

Interest and/or principal That is outstanding for:	Classification	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%

11. Taxation

.1 **Income and Education taxes**

Provision for income and education taxes is made in line with the provisions of relevant tax laws.

.2 **Capital gains tax**

Provision is made by the liability method and calculated at 10% of the chargeable amount as at the time of sale.

12. Deferred taxation

Provision for deferred taxation is made by the liability method and calculated at the current rate of taxation on the difference between the net book value of fixed assets qualifying for capital allowances and their corresponding tax written down value. Deferred taxation is provided on timing differences.

13. Foreign currencies

Transactions in foreign currency are recorded in the books at the rates of exchange ruling on the dates of the transactions. Assets and liabilities in foreign currencies are converted to Naira at the rates of exchange ruling at the balance sheet. Differences arising thereon are dealt with in the profit and loss account.

14. Staff retirement benefits

Liabilities in respect of employees' retirement benefits, which consist of a contributory pension scheme, is managed by the Pension Administrator of the staff choice. Contributions are made by both the bank and each employee at the rates of 7.5% each of the employees' pensionable emoluments in accordance with the Pension Reform Act 2004.

Contributions made by the bank each year are charged against the Profit and Loss account and are included in staff costs.

15. Contingent liabilities

Transactions that are not currently recognized as assets or liabilities in the balance sheet but which nonetheless give rise to credit risks, contingencies and commitments are reported off balance sheet. Such transactions include letters of credit, bonds, guarantees, indemnities, acceptances and trade related contingencies such as documentary credit, etc.

Outstanding and unexpired commitments at year end in respect of these transactions are shown by way of note to the financial statements.

Income on off balance sheet engagements is in form of commission which is recognized as and when transactions are executed. Such commission is included in commission income in the profit and loss account.

16. Provision

Provision is recognized when the company has a present obligation whether legal or constructive as a result of a past event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations in accordance with the Statements of Accounting Standard (SAS) 23.

17. Dividend

Dividend to shareholders is accounted for on the date of declaration as they do not meet the criteria of present obligation until when approved by shareholders.

18. Segment reporting

A segment is a distinguishable component of the Company and Group that is engaged in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risk and rewards that are different from those of other segments.

Segment information is presented in respect of the company'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 a segment as well as those that can be allocated on a reasonable basis.

financials

Balance Sheet

As At 30 June 2009

	Note	The Group 2009 N'000	The Group 2008 N'000	The Bank 2009 N'000	The Bank 2008 N'000
ASSETS					
Cash and short-term funds	2	24,894,589	30,904,349	24,894,093	30,901,857
Due from other banks	3	45,661,593	55,462,712	45,379,647	55,462,712
Treasury bills, bond and placement		161,065,942	178,659,891	161,065,942	178,659,891
Investments	4	11,756,151	7,178,441	10,436,921	5,014,494
Loans and advances	5	214,922,379	229,156,283	215,112,075	230,713,051
Finance leases	6	15,448,980	5,228,229	15,448,980	5,228,229
Other assets	7	8,597,853	11,599,282	8,298,982	10,247,424
Equipment on lease	8	10	10	10	10
Intangible assets	9	384,096	472,593	354,445	472,593
Tangible fixed assets	10	23,535,658	16,817,754	23,172,625	16,421,973
		506,267,251	535,479,544	504,163,720	533,122,233
LIABILITIES					
Deposits and other clients' accounts	11	355,770,230	378,543,497	356,137,293	379,728,968
Other liabilities	12	17,950,519	16,926,125	15,874,355	14,878,673
Taxation payable	25	2,504,109	1,367,825	2,441,826	1,225,196
Deferred taxation	13	336,422	1,432,878	336,422	1,425,408
		376,561,280	398,270,325	374,789,896	397,258,245
CAPITAL AND RESERVES					
Share capital	14	14,481,293	14,481,293	14,481,293	14,481,293
Share premium	15	101,272,022	101,370,210	101,272,022	101,370,210
Statutory reserve	27	8,282,513	7,593,473	8,282,513	7,593,473
Small scale industries reserve	28	763,771	763,771	763,771	763,771
General reserve	29	2,752,300	10,296,222	2,707,454	9,788,470
Capital reserve	30	1,866,771	1,866,771	1,866,771	1,866,771
Shareholders' funds		129,418,670	136,371,740	129,373,824	135,863,988
Non-Controlling interest	31	287,301	837,479	-	-
		506,267,251	535,479,544	504,163,720	533,122,233
Acceptances, guarantees and other obligations for the account of the customers and the customers' liabilities thereof	16	59,043,388	49,258,848	59,043,388	49,258,848

The financial statements on pages 44 to 67 were approved by the Board of Directors on 13 October 2009 and signed on its behalf by:

_________________________________ Chairman

_________________________________ Managing Director and Chief Executive Officer

The significant accounting policies on pages 40 to 42 together with the notes on pages 47 to 63 form part of these financial statements.

Profit and Loss Account

For The Year Ended 30 June 2009

	Note	The Group 2009 N'000	The Group 2008 N'000	The Bank 2009 N'000	The Bank 2008 N'000
Gross earnings		72,274,698	42,660,181	70,596,902	40,474,491
Interest and discount income	19	51,303,339	30,127,881	50,567,563	29,498,108
Interest expense	20	(18,017,752)	(7,926,295)	(17,318,011)	(7,447,095)
Net interest and discount income		33,285,587	22,201,586	33,249,552	22,051,013
Fees and Commissions	22	10,294,687	8,874,687	10,241,723	7,788,047
Net interest income & commissions		43,580,274	31,076,273	43,491,275	29,839,060
Income on Trading Securities		953,388	658,981	650,116	280,048
Provision for diminution in value of investments	21	(3,670,855)	-	(2,354,303)	-
Net (loss)/income on securities trading		(2,717,467)	658,981	(1,704,187)	280,048
Other income	23	9,723,284	2,998,632	9,137,500	2,908,288
Operating expenses		(27,011,459)	(16,653,835)	(26,013,943)	(15,825,410)
Profit before provisions for risk assets and taxation		23,574,632	18,080,051	24,910,645	17,201,986
Provision for doubtful advances		(18,551,229)	(1,481,468)	(19,292,625)	(1,113,312)
Provision for doubtful other assets		(1,254,998)	(292,955)	(1,049,500)	(292,723)
		(19,806,227)	(1,774,423)	(20,342,125)	(1,406,035)
Profit before taxation		3,768,405	16,305,628	4,568,520	15,795,951
Taxation	25	(3,434,104)	(1,637,810)	(3,360,707)	(1,500,235)
Deferred taxation	13	1,096,456	(1,311,517)	1,088,986	(1,309,146)
Profit after taxation		1,430,757	13,356,301	2,296,799	12,986,570
Non-Controlling interest	31	403,135	(206,266)	-	-
Profit attributable to shareholders		1,833,893	13,150,035	2,296,799	12,986,570
Appropriated as follows:					
Transfer to statutory reserve	27	689,040	3,895,971	689,040	3,895,971
Transfer to general reserve	29	1,144,853	9,254,064	1,607,759	9,090,599
		1,833,893	13,150,035	2,296,799	12,986,570
Earnings per share (Basic)-kobo	33	5	46	8	45

The significant accounting policies on pages 40 to 42 together with the notes on pages 47 to 63 form part of these financial statements.

Statement of Cash Flows

For The Year Ended 30 June 2009

	Note	The Group 2009 N'000	The Group 2008 N'000	The Bank 2009 N'000	The Bank 2008 N'000
Cash flows from operating activities					
Interest and discount income	19	51,303,339	30,127,881	50,567,563	29,498,108
Interest paid	20	(18,017,752)	(7,926,295)	(17,318,011)	(7,447,095)
Cash payments to employees and suppliers		(25,446,197)	(15,350,210)	(24,054,226)	(14,666,454)
Other income received		19,930,880	11,873,319	19,291,483	10,632,830
Income Tax paid	25	(2,297,820)	(732,973)	(2,144,077)	(549,358)
Operating profit before changes in operating assets		25,472,769	17,991,722	26,342,732	17,468,031
Changes in operating assets/liabilities					
Loans and advances		(5,297,629)	(161,394,953)	(4,919,943)	(162,676,688)
Advances under finance lease		(10,456,930)	(3,893,714)	(10,456,930)	(3,893,714)
Other assets		3,357,617	(1,984,577)	2,438,469	(1,235,902)
Deposits from customers		(22,773,267)	202,127,360	(23,591,675)	203,047,641
Other liabilities		1,024,394	6,108,511	995,682	4,563,116
Net cash from operating activities	17	(8,673,365)	58,954,349	(9,191,665)	57,272,484
Cash flows from investing activities					
Purchase of fixed assets	10	(8,813,585)	(11,271,035)	(8,761,345)	(11,102,488)
Proceeds from sale of fixed assets		191,823	49,874	181,810	49,874
Purchase of investments		(8,276,125)	(3,521,748)	(7,776,730)	(1,639,193)
Investment income		953,388	658,981	650,116	280,048
Net cash used in investing activities		(15,944,499)	(14,083,928)	(15,706,149)	(12,411,759)
Cash flows from financing activities					
Proceeds of new shares issued		-	99,991,197	-	99,991,197
Share issue expenses paid	15	(98,188)	(3,549,389)	(98,188)	(3,549,389)
Dividend paid	26	(8,688,775)	(2,634,190)	(8,688,775)	(2,634,190)
Net cash (used in)/from financing activities		(8,786,963)	93,807,618	(8,786,963)	93,807,618
Net increase in cash and cash equivalents		(33,404,827)	138,678,039	(33,684,777)	138,668,343
Cash and cash equivalents beginning of the year		265,026,951	126,348,912	265,024,459	126,356,116
Cash and cash equivalents at end of the year	18	231,622,124	265,026,951	231,339,682	265,024,459

Notes to the Financial Statements

For The Year Ended 30 June 2009

1 The Bank

a. 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 Febuary 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.

b. Principal Activities

The bank is involved in all aspects of commercial banking business.

		The Group		The Bank	
		2009	2008	2009	2008
		N'000	N'000	N'000	N'000
2	**Cash and short-term funds**				
(i)	Cash	16,566,803	11,631,331	16,566,307	11,628,839
(ii)	Balances held with the Central Bank of Nigeria				
	- Cash reserve	1,822,249	6,733,744	1,822,249	6,733,744
	- Current accounts	6,505,537	12,539,274	6,505,537	12,539,274
		8,327,786	19,273,018	8,327,786	19,273,018
		24,894,589	30,904,349	24,894,093	30,901,857
3	**Due from other banks**				
	- In Nigeria (i)	26,569,184	46,243,038	26,215,579	46,243,038
	- Foreign bank balances (note (ii)	19,175,888	9,529,389	19,175,888	9,529,389
	Provision for doubtful bank balances (note 3.1)	(83,479)	(309,715)	(11,820)	(309,715)
		45,661,593	55,462,712	45,379,647	55,462,712

		The Group		The Bank	
		2009	2008	2009	2008
		N'000	N'000	N'000	N'000
(i)	Balances held in Nigeria are:				
	Denominated in local currency	26,569,184	46,243,038	26,215,579	46,243,038
(ii)	Foreign bank balances comprise:				
	Foreign currencies held:				
	On behalf of the bank's clientele	18,427,574	9,157,517	18,427,574	9,157,517
	In its own right	748,314	371,872	748,314	371,872
		19,175,888	9,529,389	19,175,888	9,529,389

Included in foreign bank balances is N6,683,772,000 (2008 - N4,733,908,000) held on behalf of customers to cover letters of credit transactions. The corresponding entry is included in other liabilities note 12.

		The Group		The Bank	
		2009	2008	2009	2008
		N'000	N'000	N'000	N'000
3.1	**Provision for doubtful bank balances**				
	At the beginning of the year	309,715	320,287	309,715	312,922
	Write off	(309,715)	(10,572)	(309,715)	(3,207)
	Charge for the year	83,479	-	11,820	-
	At the end of the year	83,479	309,715	11,820	309,715
4	**Investments**				
(i)	Investments in securities (Short term)				
	Market value N2,362,650,123; (2008-N2,403,392,348)	4,299,224	2,433,624	-	-
(ii)	Quoted (At cost) Long term:				
	Nigeria International Growth Fund	1,956,175	1,896,747	1,896,747	1,896,747
	Lagos State Government Bond (TB rate + 5%,2009)	-	40,000	-	40,000
	Afprint Nigeria Plc	1,863	1,863	1,863	1,863
	ABC Nigeria Plc	-	27	-	27
	Neimeth International Pharmaceuticals Plc - Debentures(MRR+7.5%,2009)	12,600	12,600	12,600	12,600
	Daar Communication plc	259,265	-	259,265	-
	Dangote Flour Mill	5,000	5,000	5,000	5,000
	Crusader Insurance Convertible Debenture(2009)	301,000	-	301,000	-
	Provision for diminution in value (Note 4.1 a)	(2,816,514)	(32,095)	(806,668)	(1,863)
		4,018,613	4,357,766	1,669,807	1,954,374

	The Group 2009 N'000	The Group 2008 N'000	The Bank 2009 N'000	The Bank 2008 N'000
(iii) Unquoted equity stocks - Long term				
Investment in Central Security Clearing System	95,500	95,500	95,500	95,500
Valu Card Nigeria Plc	509,909	509,909	509,909	509,909
Nigeria Interbank Settlement System Plc	32,654	32,654	32,654	32,654
African Export and Import Bank	5,310	5,310	5,310	5,310
MB Petroleum and Gas Limited	50,739	50,739	50,739	50,739
Agro- Tec and Farms Limited	30,000	30,000	30,000	30,000
Pioneer Sorting Consortium Ltd	24,750	24,750	24,750	24,750
Fidelity Pension Managers	-	-	427,000	213,500
East Line Equity Investment in Kezlins Ltd	20,000	20,000	20,000	20,000
TINAPA Business Resort Ltd	500,000	500,000	500,000	500,000
African Finance Corporation	637,563	637,563	637,563	637,563
ATM Consortium	20,500	20,500	20,500	20,500
Neimeth Convertible Debenture Stock 2009	20,000	20,000	20,000	20,000
Finconnet	80,458	-	80,458	-
Mayfair	342,837	-	342,837	-
MTN Nigeria	5,096,403	-	5,096,403	-
SME Partnership LP	352,951	260,256	352,951	260,256
SMIES Investment	412,750	412,750	412,750	412,750
Fidelity Union Securities Limited	-	-	1,202,799	281,000
Fidelity Bureau De Change	508,800	-	508,800	-
Other Unquoted equities	-	290,334	-	-
	8,741,124	2,910,265	10,370,923	3,114,431
Provision for diminution in value of investment (Note 4.1 b)	(976,026)	(89,590)	(1,603,809)	(54,311)
	7,765,098	2,820,675	8,767,114	3,060,120
	11,756,151	7,178,441	10,436,921	5,014,494

4.1 Provision for diminution in value of investments

	The Group 2009 N'000	The Group 2008 N'000	The Bank 2009 N'000	The Bank 2008 N'000
a Quoted				
At the beginning of the year	32,095	67,142	1,863	1,863
Charge\(write back) for the year	2,784,419	(35,047)	804,805	-
At the end of the year	2,816,514	32,095	806,668	1,863
b Unquoted				
At the beginning of the year	89,590	54,311	54,311	54,311
Charge for the year	886,436	35,279	1,549,498	-
At the end of the year	976,026	89,590	1,603,809	54,311

The Directors are of the opinion that the realisable value of the unquoted investments is not materially lower than the cost.

		The Group		The Bank	
		2009	2008	2009	2008
		N'000	N'000	N'000	N'000
5	**Loans and advances**				
(i)	**Analysis by security and quality:**				
	Secured against real estate	22,662,244	22,922,305	23,392,842	22,922,305
	Otherwise secured	218,579,023	213,074,115	218,579,023	214,182,399
	Unsecured	2,624,026	2,571,244	2,624,026	2,571,244
		243,865,293	238,567,664	244,595,891	239,675,948
	Provision for doubtful accounts and interest in suspense (Note 5(iv))	(28,942,914)	(9,411,381)	(29,483,816)	(8,962,897)
		214,922,379	229,156,283	215,112,075	230,713,051
(ii)	**Maturity profile**				
	Under 1 month	103,515,984	101,267,246	104,477,041	102,375,530
	1 - 3 months	60,235,232	58,926,707	60,136,324	58,926,707
	3 - 6 months	34,091,472	33,350,883	34,035,493	33,350,883
	6 -12 months	15,983,355	15,636,139	15,957,110	15,636,139
	Over 12 months	30,039,249	29,386,689	29,989,924	29,386,689
		243,865,293	238,567,664	244,595,891	239,675,948

(iii) **Analysis by performance**

The Bank

	2009		2008	
	Gross Loans	Provision	Gross Loans	Provision
	N'000	N'000	N'000	N'000
Non-performing:				
- Sub-standard	15,375,606	1,537,561	358,068	35,807
- Doubtful	13,456,231	6,728,116	494,090	247,045
- Lost	19,253,029	19,253,029	6,355,361	6,355,361
	48,084,866	27,518,706	7,207,519	6,638,213
Performing	196,511,025	1,965,110	232,468,429	2,324,684
Gross loans	244,595,891	29,483,816	239,675,948	8,962,897

		The Group		The Bank	
		2009	2008	2009	2008
		N'000	N'000	N'000	N'000
(iv)	**Analysis of loan loss provision**				
	At the beginning of the year	5,390,872	4,088,725	4,942,388	3,995,580
	Opening balance adjustment	(247,990)	-	-	-
	Written - off	(2,772,430)	(179,321)	(2,772,430)	(166,504)
		2,370,452	3,909,404	2,169,958	3,829,076
	Provision for the year	18,717,226	1,807,065	19,458,622	1,438,909
	Write-back arising from recoveries	(402,176)	(325,597)	(402,176)	(325,597)
	Per profit and loss account	18,315,050	1,481,468	19,056,446	1,113,312
	At the end of the year	20,685,502	5,390,872	21,226,404	4,942,388
	Interest in suspense (Note 5(v)	8,257,412	4,020,509	8,257,412	4,020,509
		28,942,914	9,411,381	29,483,816	8,962,897
(v)	**Interest in suspense**				
	At the beginning of the year	4,020,509	2,766,168	4,020,509	2,766,168
	Addition during the year	4,520,561	1,254,341	4,520,561	1,254,341
	Write-back arising from recoveries	(54,842)	-	(54,842)	-
	Written - off	(228,816)	-	(228,816)	-
	At the end of the year	8,257,412	4,020,509	8,257,412	4,020,509
6	**Finance leases**				
	Gross Investment in leases	15,737,969	5,281,039	15,737,969	5,281,039
	Unearned finance income	-	-	-	-
		15,737,969	5,281,039	15,737,969	5,281,039
	Provision (note 6.1)	(288,989)	(52,810)	(288,989)	(52,810)
		15,448,980	5,228,229	15,448,980	5,228,229
6.1	**Provision for performing accounts**				
	At the beginning of the year	52,810	13,873	52,810	13,873
	Charge for the year (note 21)	236,179	38,937	236,179	38,937
	At the end of the year	288,989	52,810	288,989	52,810
6.2	**The investment in finance lease by maturity**				
	Over 3 months but within 6 months	1,967,807	660,318	1,967,807	660,318
	Over 6 months but within 12 months	2,651,165	889,626	2,651,165	889,626
	Over 12 months	11,118,997	3,731,095	11,118,997	3,731,095
		15,737,969	5,281,039	15,737,969	5,281,039

		The Group		The Bank	
		2009	2008	2009	2008
		N'000	N'000	N'000	N'000
6.3	**Advances under finance lease by quality**				
	Non-performing:				
	- Sub-standard	793,370	-	793,370	-
	- Doubtful	16,920	-	16,920	-
	- Lost	52,439	-	52,439	-
		862,729	-	862,729	-
	Performing	14,875,240	5,281,039	14,875,240	5,281,039
	Gross Investment in leases	**15,737,969**	**5,281,039**	**15,737,969**	**5,281,039**
6.4	Current portion	4,883,255	1,638,627	4,883,255	1,638,627
	Long term portion	10,854,714	3,642,412	10,854,714	3,642,412
7	**Other assets**				
	Payments in advance and sundry accounts	4,838,867	5,282,556	4,234,976	5,272,756
	Accounts receivable	701,867	3,133,188	869,536	1,787,618
	Prepaid interest	1,462,013	2,675,881	1,462,013	2,675,881
	Interest receivable	2,881,824	2,150,551	2,881,824	2,150,551
	Interbranch	-	12	-	12
		9,884,571	13,242,188	9,448,349	11,886,818
	Provision for doubtful accounts (note 7.1)	(1,286,718)	(1,642,906)	(1,149,367)	(1,639,394)
		8,597,853	**11,599,282**	**8,298,982**	**10,247,424**
7.1	**Movement in provision for other assets**				
	At the beginning of the year	1,642,906	1,567,923	1,639,394	1,564,411
	Write off	(1,527,707)	(131,003)	(1,527,707)	(148,803)
	Charge for the year (note 21.1)	1,171,519	205,986	1,037,680	223,786
	At the end of the year	1,286,718	1,642,906	1,149,367	1,639,394
8	**Equipment on lease**				
	Cost:				
	At the beginning of the year	1,051,799	1,051,799	1,051,799	1,051,799
	Depreciation:				
	At the beginning of the year	1,051,789	1,051,372	1,051,789	1,051,372
	Charge for the year	-	417	-	417
	At the end of the year	1,051,789	1,051,789	1,051,789	1,051,789
	Net book value:	10	10	10	10

	The Group		The Bank	
	2009	2008	2009	2008
	N'000	N'000	N'000	N'000
9. Intangible assets				
- Cost	511,736	590,741	472,593	590,741
- Amortisation charged to the profit and loss account	(127,640)	(118,148)	(118,148)	(118,148)
	384,096	472,593	354,445	472,593

This represents the cost of software purchased in 2007 used for banking operations.

10 Tangible fixed assets

.1 Group

	Motor vehicles N'000	Furniture and fittings N'000	Computer and equipment N'000	Land and leasing property N'000	Construction W.I.P N'000	Total N'000
Cost:						
At 1 July, 2008	2,427,857	873,342	6,131,196	6,324,231	6,910,643	22,667,269
Additions	1,056,037	314,724	1,354,698	4,441,620	1,646,506	8,813,585
Disposals	(375,279)	(12,673)	(61,701)	(56,702)	-	(506,355)
Transfers	258	(11,364)	424,212	(15,419)	(397,687)	-
At 30 June, 2009	3,108,873	1,164,029	7,848,405	10,693,730	8,159,462	30,974,499
Depreciation:						
At 1 July, 2008	1,337,536	551,411	3,204,996	755,572	-	5,849,515
Charge for the year	608,019	126,371	914,809	340,067	-	1,989,266
On disposals	(329,550)	(11,287)	(58,580)	(523)	-	(399,940)
Transfers	(22,768)	(7,737)	16,885	13,620	-	-
At 30 June, 2009	1,593,237	658,758	4,078,110	1,108,736	-	7,438,841
Net book value						
At 30 June, 2009	1,515,636	505,271	3,770,295	9,584,994	8,159,462	23,535,658
At 30 June, 2008	1,090,321	321,931	2,926,200	5,568,659	6,910,643	16,817,754

.2 The Bank

	Motor vehicles N'000	Furniture and fittings N'000	Computer and equipment N'000	Land and leasing property N'000	Construction W.I.P N'000	Total N'000
At 1 July, 2008	2,339,147	805,796	6,016,576	6,107,015	6,910,643	22,179,177
Additions:	1,044,192	312,225	1,341,967	4,416,455	1,646,506	8,761,345
Disposals	(366,989)	(11,418)	(56,352)	(56,702)	-	(491,461)
Transfers	258	(11,364)	424,212	(15,419)	(397,687)	-
At 30 June, 2009	3,016,608	1,095,239	7,726,403	10,451,349	8,159,462	30,449,061
Depreciation:						
At 1 July, 2008	1,297,579	541,338	3,171,327	746,960	-	5,757,204
Charge for the year	578,390	115,536	892,415	328,599	-	1,914,940
On disposals	(327,797)	(11,036)	(56,352)	(523)	-	(395,708)
Transfers	(22,768)	(7,737)	16,885	13,620	-	-
At 30 June, 2009	1,525,404	638,101	4,024,275	1,088,656	-	7,276,436
Net book value						
At 30 June, 2009	1,491,204	457,138	3,702,128	9,362,693	8,159,462	23,172,625
At 30 June, 2008	1,041,568	264,458	2,845,249	5,360,055	6,910,643	16,421,973

		The Group		The Bank	
		2009	2008	2009	2008
		N'000	N'000	N'000	N'000
11	**Deposit and other client accounts**				
(i)	Summary:				
	Current accounts	131,078,269	134,773,184	131,445,332	134,773,184
	Savings deposits	25,291,372	13,778,159	25,291,372	13,778,159
	Time and call deposit	187,833,591	221,187,218	187,833,591	222,372,689
	Domiciliary accounts	11,566,998	8,804,936	11,566,998	8,804,936
		355,770,230	378,543,497	356,137,293	379,728,968
(ii)	Maturity profile				
	Under 1 month	232,897,338	247,805,368	234,867,137	250,425,488
	1 - 3 months	52,833,660	56,215,604	53,283,183	56,812,832
	3 - 6 months	65,688,775	69,893,590	66,509,368	70,915,162
	6 - 12 months	1,410,240	1,500,511	1,422,237	1,516,451
	Above 12 months	2,940,217	3,128,424	55,367	59,035
		355,770,230	378,543,497	356,137,293	379,728,968
12	**Other liabilities**				
	Creditors, accrued charges and provisions	4,159,382	3,436,948	3,214,673	2,321,224
	Accrued interest	2,106,198	1,889,263	2,106,198	1,889,263
	Other credit balances	1,769,811	1,127,093	639,890	200,512
	Statutory deductions payable	207,772	426,669	207,772	426,669
	Stale Cheques	206,336	315,050	206,336	315,050
	Customers' balance awaiting instructions	484,451	1,487,233	484,451	1,487,233
	Draft payable	1,997,411	3,088,739	1,997,411	3,088,739
	Staff pension (Note 12.1)	288,151	258,194	288,151	258,194
	Information Technology Levy (Note 12.2)	47,235	163,028	45,701	157,881
	Deposit against drawings on letters of credit	6,683,772	4,733,908	6,683,772	4,733,908
		17,950,519	16,926,125	15,874,355	14,878,673
12.1	**Staff pension scheme**				
	At the beginning of the year	258,194	278,570	258,194	278,570
	Provision for the year	335,515	315,073	335,515	315,073
	Refund from old investment (Linkage Assurance)	71,853	-	71,853	-
	Remittance to PFA	(377,411)	(335,449)	(377,411)	(335,449)
	At the end of the year	288,151	258,194	288,151	258,194

12.2 Information Technology Levy

InformationTechnology Levy represents 1% of Profit before tax in accordance with section 12 subsection 2a of NITDA Act 2007.

	The Group 2009 N'000	The Group 2008 N'000	The Bank 2009 N'000	The Bank 2008 N'000
13 Deferred taxation				
At the beginning of the year	1,432,878	121,361	1,425,408	116,262
(Write-back)/Charge for the year	(1,096,456)	1,311,517	(1,088,986)	1,309,146
At the end of the year	336,422	1,432,878	336,422	1,425,408
14 Share Capital				
.1 Authorised:				
(32,000,000,000) ordinary shares of 50k each	16,000,000	16,000,000	16,000,000	16,000,000
.2 Called-up and fully paid:				
Ordinary share of 50k each 28,962,585,691 (2008 -28,962,585,691)				
At the beginning of the year	14,481,293	8,231,843	14,481,293	8,231,843
Public offer	-	6,249,450	-	6,249,450
At the end of the year	14,481,293	14,481,293	14,481,293	14,481,293

In the financial year 2008, the bank offerred for subscription 12,498,899,412 ordinary shares of 50k each at N8 per share through a combination of public offer and rights issues. Approval for the allotments were obtained from relevant regulatory authorities.

	The Group 2009 N'000	The Group 2008 N'000	The Bank 2009 N'000	The Bank 2008 N'000
15 Share premium				
At the beginning of the year	101,370,210	11,177,852	101,370,210	11,177,852
Additions during the year	-	93,741,747	-	93,741,747
Share issue expenses (Note 15.1)	(98,188)	(3,549,389)	(98,188)	(3,549,389)
At the end of the year	101,272,022	101,370,210	101,272,022	101,370,210

.1 These represent debit notes received from the various issuing houses in respect of 2008 public offer.

	The Group 2009 N'000	The Group 2008 N'000	The Bank 2009 N'000	The Bank 2008 N'000
16 Acceptances, guarantees and other obligation for the account of the customers and the customers' liabilities thereof				
Unconfirmed letters of credit and liability to customers thereon	22,885,201	19,181,570	22,885,201	19,181,570
Bonds and guarantees issued to third parties	36,158,187	30,077,278	36,158,187	30,077,278
	59,043,388	49,258,848	59,043,388	49,258,848

		The Group		The Bank	
		2009	2008	2009	2008
		N'000	N'000	N'000	N'000
17	**Reconciliation of profit after tax to net cash flows provided by operating activities:**				
	Profit after taxation	1,430,757	13,356,301	2,296,799	12,986,570
	Adjustment for non-cash items:				
	Profit on disposal of fixed assets	(87,091)	(11,372)	(87,740)	(11,372)
	Profit on disposal of investments	(551,642)	(231,367)	(73,371)	(52,133)
	Investment income	(953,388)	(658,981)	(650,116)	(280,048)
	Depreciation	2,116,904	1,212,979	2,033,088	1,158,956
	Provision for risk assets	23,477,082	1,774,423	22,696,428	1,406,035
	(Decrease)/Increase in deferred taxes	(1,096,456)	1,311,517	(1,088,986)	1,309,146
	Increase in taxes payable	1,136,284	1,238,222	1,216,630	950,877
		25,472,450	17,991,722	26,342,732	17,468,031
	Changes in assets and liabilities				
	Increase in loans and advances	(5,297,629)	(161,394,953)	(4,919,943)	(162,676,688)
	Increase in advances under finance lease	(10,456,930)	(3,893,714)	(10,456,930)	(3,893,714)
	Increase in other assets	3,357,617	(1,984,577)	2,438,469	(1,235,902)
	Increase in deposits from customers	(22,773,267)	202,127,360	(23,591,675)	203,047,641
	Increase in other liabilities	1,024,394	6,108,511	995,682	4,563,116
	Net cash provided by operating activities	(8,673,365)	58,954,349	(9,191,665)	57,272,484
18	**Cash and Cash equivalents**				
	Cash and short term funds	24,894,589	30,904,349	24,894,093	30,901,857
	Due from other banks	45,661,593	55,462,712	45,379,647	55,462,712
	Treasury bills	161,065,942	178,659,890	161,065,942	178,659,890
		231,622,124	265,026,951	231,339,682	265,024,459
19	**Interest and discount income**				
	Non-bank sources				
	Loans and advances	46,002,355	22,367,543	45,432,406	22,367,543
	Bank sources:				
	Discount on bankers acceptances	78,442	230,617	78,442	230,617
	Treasury bills	4,688,186	6,126,892	4,688,186	6,126,892
	Placements with banks	534,356	1,402,829	368,529	773,056
		51,303,339	30,127,881	50,567,563	29,498,108

		The Group		The Bank	
		2009	2008	2009	2008
		N'000	N'000	N'000	N'000
20	**Interest expense**				
	Other banks in Nigeria	871,913	2,867,900	268,042	2,867,900
	Customers and staff	17,145,839	5,058,395	17,049,969	4,579,195
		18,017,752	7,926,295	17,318,011	7,447,095
1.	Non-bank sources				
	Savings deposits	776,559	228,807	772,223	207,131
	Current accounts	4,367,889	1,287,147	4,343,494	1,165,211
	Term deposits	12,001,390	3,542,441	11,934,252	3,206,853
		17,145,839	5,058,395	17,049,969	4,579,195
2.	Bank sources				
	Local banks	871,913	2,867,900	268,042	2,867,900
		18,017,752	7,926,295	17,318,011	7,447,095

21 Loan loss expense and other provisions

.1 The Group

	Loans and advances	Finance leases	Other assets	Investment	Cash	2009	2008
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Recoveries	(402,176)	-	-	-	-	(402,176)	(325,597)
Charge for the year	18,717,226	236,179	1,171,519	3,670,855	83,479	23,879,258	1,731,632
	18,315,050	236,179	1,171,519	3,670,855	83,479	23,477,082	1,406,035

.2 The Bank

	Loans and advances	Finance leases	Other assets	Investment	Cash	2009	2008
Recoveries	(402,176)	-	-	-	-	(402,176)	(325,597)
Charge for the year	19,458,622	236,179	1,037,680	2,354,303	11,820	23,098,604	1,438,909
Per profit and loss account	19,056,446	236,179	1,037,680	2,354,303	11,820	22,696,428	1,113,312

		The Group		The Bank	
		2009	2008	2009	2008
		N'000	N'000	N'000	N'000
22	**Fees and Commissions**				
	Commission on turnover	2,594,953	2,875,351	2,594,953	2,875,351
	Commission on letters of credit	492,127	357,821	492,127	357,821
	Fees	7,207,607	5,641,515	7,154,643	4,554,875
		10,294,687	8,874,687	10,241,723	7,788,047

	The Group		The Bank	
	2009	2008	2009	2008
	N'000	N'000	N'000	N'000
23 Other income				
Foreign exchange	7,075,331	1,375,558	7,075,331	1,375,558
Sundry income	2,647,953	1,623,074	2,062,169	1,532,730
	9,723,284	2,998,632	9,137,500	2,908,288
24 Profit before taxation				
This is stated after charging/(crediting)				
Directors' emoluments	14,108	11,320	10,746	9,510
Auditors' remuneration	66,000	55,000	57,000	50,000
Exchange (Gain)/Loss	(4,890,015)	190,734	(4,890,015)	190,734
Profit on disposal of fixed assets	(87,091)	(11,372)	(87,740)	(11,372)
Insurance premium on deposit liabilities	1,291,168	1,012,846	1,291,168	1,012,846
Amortization - Intangible asset	118,148	118,148	118,148	118,148
Depreciation - Fixed assets	1,989,266	1,212,562	1,914,940	1,164,522
- Equipment on lease	-	417	-	417
Contribution to staff retirement benefit scheme	335,515	315,073	335,515	315,073

In line with the provisions of Statement of Accounting Standards (SAS) 7, the bank converted assets and liabilities in foreign currency as at June 30, 2009 to Naira at the rate of exchange ruling on that date. The profit resulting on conversion, amounting to N4.89bn, has been taken to Profit & Loss Account. This is in compliance with the bank's Accounting Policy on treatment of exchange difference resulting from revaluation as has been consistently applied in previous years.

	The Group 2009 N'000	The Group 2008 N'000	The Bank 2009 N'000	The Bank 2008 N'000
25 Taxation				
(i) Profit and loss account				
Income tax based on profit for the year	807,429	1,398,848	749,873	1,270,885
Education tax	135,906	238,962	132,716	229,350
Capital gains tax	8,342	-	8,342	-
Under provision in prior year	2,482,427	-	2,469,776	-
Charge to profit	3,434,104	1,637,810	3,360,707	1,500,235
(ii) Balance sheet				
At the beginning of the year	1,367,825	462,988	1,225,196	274,319
Payments during the year	(2,297,820)	(732,973)	(2,144,077)	(549,358)
	(929,995)	(269,985)	(918,881)	(275,039)
Current year charges	3,434,104	1,637,810	3,360,707	1,500,235
At the end of the year	2,504,109	1,367,825	2,441,826	1,225,196

(iii) The charge for income tax in these financial statements is based on the provisions of the Companies Income Tax Act, CAP C21 LFN 2004 as amended and Capital Gains Tax Act CAP C1 LFN 2004. The charge for education tax is based on the provisions of the Education Tax Act, CAP E4 LFN 2004.

		The Group		The Bank	
		2009	2008	2009	2008
		N'000	N'000	N'000	N'000
26	**Dividend Payable**				
	Prior year dividend	8,688,775	2,634,190	8,688,776	2,634,190
	Payments	(8,688,775)	(2,634,190)	(8,688,775)	(2,634,190)
	At the end of the year	-	-	-	-
27	**Statutory reserve**				
	At the beginning of the year	7,593,473	3,697,502	7,593,473	3,697,502
	Transfer from profit and loss account	689,040	3,895,971	689,040	3,895,971
	At the end of the year	8,282,513	7,593,473	8,282,513	7,593,473
	This is computed at 30% of Profit After Tax in accordance with BOFIA CAP B3 LFN 2004.				
28	**Small scale industries reserve**				
	At the beginning of the year	763,771	763,771	763,771	763,771
29	**General reserve**				
	At the beginning of the year	10,296,222	3,676,348	9,788,470	3,332,061
	Prior year dividend declared	(8,688,775)	(2,634,190)	(8,688,775)	(2,634,190)
	Transfer from profit and loss account	1,144,853	9,254,064	1,607,759	9,090,599
	At the end of the year	2,752,300	10,296,222	2,707,454	9,788,470

In respect of the current year ,the Directors propose that a dividend of 5 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 N1,448,129,285.

		2009	2008	2009	2008
		N'000	N'000	N'000	N'000
30	**Capital reserve**				
	At the beginning of the year	1,866,771	2,553,971	1,866,771	2,553,971
	Post merger expenses	-	(687,200)	-	(687,200)
	At the end of the year	1,866,771	1,866,771	1,866,771	1,866,771

.1 Post merger expenses represents ascertained additional tax liabilities on the combined banks which was paid to Federal Inland Revenue Service during the year.

31 Non-Controlling interest

	The Group	
	2009	2008
	N'000	N'000
At the beginning of the year	837,479	412,713
Transfer from profit and loss account	(403,135)	206,266
Movement on consolidation reserve	(147,043)	218,500
At the end of the year	287,301	837,479

32 Information regarding directors and employees

(i) Chairman's and directors emoluments

	The Group		The Bank	
	2009	2008	2009	2008
	N'000	N'000	N'000	N'000
(a) Emoluments:				
Chairman	849	849	449	449
Other directors	13,259	11,668	10,297	9,061
	14,108	12,517	10,746	9,510
As Directors' fees	3,958	3,958	3,329	3,329
Emoluments as executives	10,150	8,559	7,417	6,181
	14,108	12,517	10,746	9,510

(b) The number of Directors, excluding the Chairman, whose emoluments were within the following ranges are:

N		N	Number	Number	Number	Number
350,000	-	400,000	13	13	8	8

(ii) Employees

(a) Employees renumerated at higher rates

Employees of the bank, other than Directors, whose duties were wholly or mainly discharged in Nigeria received emoluments excluding allowances and pensions contributions within the following ranges:

			2009	2008	2009	2008
N		N	Number	Number	Number	Number
100,000	-	200,000	584	779	570	749
200,001	-	300,000	538	322	527	213
300,001	-	400,000	164	273	161	268
400,001	-	500,000	117	95	114	90
500,001	-	600,000	86	45	82	39
700,001	-	800,000	48	22	47	14
800,001	-	900,000	18	25	18	14
1,000,001	-	1,200,000	16	6	14	5
1,200,001	-	1,400,000	5	-	5	-

(b) Staff

Average number of persons employed in the financial year were:

	2009 Number	2008 Number	2009 Number	2008 Number
Management staff	454	450	443	440
Non-management staff	3,611	2,257	2,804	2,092
	4,065	2,707	3,247	2,532

(c) Employees cost during the year

	N'000	N'000	N'000	N'000
Salaries, wages and allowances	14,095,618	7,352,102	13,682,471	7,244,342
Pension cost	335,515	325,073	335,515	315,073
	14,431,133	7,677,175	14,017,986	7,559,415

33 Earnings per share

Earnings per share is calculated by using the profit after taxation for each year on the number of ordinary shares issued as at the end of each respective year.2009 - 28,962,585,691 (2008 - 28,962,585,691).

34 Guarantees and their financial commitments

(i) Contingent liabilities

There are contingent liabilities in respect of litigations for which no provision has been made in these financial statements amounting to N6,096 million (2008 - N6,136 million). The individual law suits are being contested and the Directors are of the opinion, having taken the appropriate legal advice, that no significant liability will arise therefrom.

(ii) Financial commitments

The Directors are of the opinion that all known liabilities and commitments which are relevant in assessing the state of affairs of the bank have been taken into consideration in the preparation of these financial statements.

35 Segmental information

a. Business Segments

Business segments are distinguishable components of the Group with services that is 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 segment 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 provide individuals and financial institutions pension funds management and advisory services.

35 Segmental information (cont'd)

a. Business Segments

	Retail & Corporate Banking 2009 N'000	Retail & Corporate Banking 2008 N'000	Investment & Capital Market 2009 N'000	Investment & Capital Market 2008 N'000	Pension Fund Management 2009 N'000	Pension Fund Management 2008 N'000	Net Consol Adjustment 2009 N'000	Total 2009 N'000	Total 2008 N'000
Profit and Loss:									
Interest income	50,567,563	29,498,108	706,976	618,754	28,800	11,019	-	51,303,339	30,127,881
Interest expense	(17,318,011)	(7,447,095)	(699,741)	(479,200)	-	-	-	(18,017,752)	(7,926,295)
Net interest income	33,249,552	22,051,013	7,235	139,554	28,800	11,019	-	33,285,587	22,201,586
Commission	10,241,723	7,788,047	24,096	1,082,298	28,868	4,342	-	10,294,687	8,874,687
Other income	9,787,616	3,188,336	880,219	459,278	8,837	9,999	-	10,676,672	3,657,613
	53,278,891	33,027,396	911,550	1,681,130	66,505	25,360	-	54,256,946	34,733,886
Operating expenses	24,099,003	14,612,431	677,110	540,884	246,082	219,930	-	25,022,195	15,373,245
Depreciation	1,914,940	1,212,979	48,695	36,441	25,629	31,170	-	1,989,264	1,280,590
Provision for loans and advances	19,292,625	1,113,312	1,110,786	83,498	-	-	(1,852,182)	18,551,229	1,196,810
Provision for other doubtful accounts and investments	3,403,803	292,723	2,070,487	284,890	18,965	-	(567,401)	4,925,854	577,613
	48,710,371	17,231,445	3,907,078	945,713	290,676	251,100	(2,419,583)	50,488,542	18,428,258
Profit on ordinary activities before exceptional item and taxation	4,568,520	15,795,951	(2,995,527)	735,417	(224,171)	(225,740)	2,419,583	3,768,405	16,305,628
Current taxation	(3,360,707)	(1,500,235)	(73,397)	(137,575)	-	-	-	(3,434,104)	(1,637,810)
Deferred taxation	1,088,986	(1,309,146)	7,470	(2,371)	-	-	-	1,096,456	(1,311,517)
Profit after taxation	2,296,799	12,986,570	(3,061,454)	595,471	(224,171)	(225,740)	2,419,583	1,430,757	13,356,301
Balance Sheet:									
Cash and due from banks etc	231,339,682	265,024,460	81,194	2,492	201,247	-	-	231,622,123	265,026,952
Bills discounted & Securities									
Loans and advances	230,561,055	235,941,280	2,308,192	3,548,389	1,819	-	(2,499,704)	230,371,362	234,384,512
Investments	10,436,921	5,014,494	2,273,296	2,501,015	31,637	80,164	(985,702)	11,756,152	7,178,441
Other assets	31,826,062	27,142,000	832,212	2,743,803	116,416	149,210	(257,076)	32,517,614	28,889,639
Total Assets	504,163,720	533,122,233	5,494,894	8,795,699	351,119	229,374	(3,742,482)	506,267,251	535,479,544
Deposit Liabilities	356,137,293	378,543,497	-	-	-	-	(367,065)	355,770,228	378,543,497
Other liabilities	18,652,603	17,529,277	2,952,147	2,078,968	169,275	118,583	(982,973)	20,791,052	19,726,828
Total Liabilities	374,789,896	396,072,774	2,952,147	2,078,968	169,275	118,583	(1,350,038)	376,561,280	398,270,325
Net Assets	129,373,824	137,049,459	2,542,747	6,716,731	181,844	110,791	(2,392,444)	129,705,971	137,209,219

36 Related party transactions

Aggregate credit facilities granted to companies and individuals with whom the directors of the bank are related or in which the directors have vested interest amounted to N10.621billion (2008 - N4.068 billion).

Details are as follows:

Name of Account	Name of related Director/Shareholder	Date granted	Expiry date	Balance Outstanding N'000	Security	Status
FIDELITY UNION SECURITIES LIMITED	SUBSIDIARY	3/3/2009	2/2/2010	4,192,532	-	NON-PERFORMING
AKUTE POWER LIMITED	MAJOR GEN. M. MAGORO	5/26/2009	9/26/2009	3,037,721	ALL ASSETS DEBENTURE; CORP. G'TEE OF OANDO PLC; LIEN ON LSG IGR via ISPO	PERFORMING
OANDO SUPPLY AND TRADING LTD	MAJOR GEN. M. MAGORO	3/26/2009	6/26/2009	1,598,939	CORP. G'TEE OF OANDO PLC; LIEN ON SHIPPING DOCS	PERFORMING
EASTERN BULKCEM CO. LTD.	NZE (DR.) CLEMENT O. MADUAKO	7/21/2008	1/21/2010	593,056	SHIPPING DOC.; DEB. ON COMPANIES ASSETS TO BE SHARED WITH OTHER LENDERS	PERFORMING
GEOLIS AND CO NIG LTD	CHIEF ELIAS E. NWOSU	5/2/2009	7/2/2009	341,499	LEGAL MORTGAGE; SHIPPING DOC; SHARES; PG	PERFORMING
FSL TELECOMS	SUBSIDIARY	2/2/2009	2/2/2010	139,350	NEGATIVE PLEDGE	PERFORMING
NAMJID.COM LTD	MR. NNAMDI OJI	5/5/2009	5/5/2010	102,201	LIEN ON SHARES	PERFORMING
ROSSIES TEXTILES MILL LTD	MR. NNAMDI OJI	6/24/2009	1/16/2010	67,334	LEGAL MORTGAGES; PG	PERFORMING
JOHN HOLT PLC	CHIEF (DR.) CHRISTOPHER I. EZEH	11/19/2008	11/19/2010	41,239	LEASED VEHICLES; 20% CONT.; CORP. G'TEE	PERFORMING
JOHN HOLT PLC	CHIEF (DR.) CHRISTOPHER I. EZEH	3/25/2009	3/25/2011	34,157	LEASED VEHICLES; 20% CONT.; CORP. G'TEE	PERFORMING
JOHN HOLT PLC	CHIEF (DR.) CHRISTOPHER I. EZEH	9/11/2008	9/11/2010	21,105	LEASED VEHICLES; 20% CONT.; CORP. G'TEE	PERFORMING
JOHN HOLT PLC	CHIEF (DR.) CHRISTOPHER I. EZEH	2/11/2008	2/28/2010	18,138	LEASED VEHICLES; 20% CONT.; CORP. G'TEE	PERFORMING
JOHN HOLT PLC	CHIEF (DR.) CHRISTOPHER I. EZEH	6/10/2008	6/10/2010	16,707	LEASED VEHICLES; 20% CONT.; CORP. G'TEE	PERFORMING
JOHN HOLT PLC	CHIEF (DR.) CHRISTOPHER I. EZEH	2/18/2008	2/28/2010	13,102	LEASED VEHICLES; 20% CONT.; CORP. G'TEE	PERFORMING
JOHN HOLT PLC	CHIEF (DR.) CHRISTOPHER I. EZEH	3/4/2009	3/4/2011	12,169	LEASED VEHICLES; 20% CONT.; CORP. G'TEE	PERFORMING
JOHN HOLT PLC	CHIEF (DR.) CHRISTOPHER I. EZEH	4/23/2008	4/23/2010	9,254	LEASED VEHICLES; 20% CONT.; CORP. G'TEE	PERFORMING
AKUTE POWER LIMITED	MAJOR GEN. M. MAGORO	5/26/2009	5/26/2010	6,233	ALL ASSETS DEBENTURE; CORP. G'TEE OF OANDO PLC; LIEN ON LSG IGR via ISPO	PERFORMING
JOHN HOLT PLC	CHIEF (DR.) CHRISTOPHER I. EZEH	8/14/2007	8/14/2009	5,092	LEASED VEHICLES; 20% CONT.; CORP. G'TEE	PERFORMING
JOHN HOLT PLC	CHIEF (DR.) CHRISTOPHER I. EZEH	10/8/2007	3/8/2009	151	LEASED VEHICLES; 20% CONT.; CORP. G'TEE	PERFORMING
OBIAKU OKAM	ARC. A.W.U. OKAM	5/15/2009	11/15/2010	8,400	DEED OF ASSIGNMENT OF PROPERTY, PG OF A.W.U OKAM	PERFORMING
ORAZULIKE TRADING COMPANY	MR. NNAETO ORAZULIKE	5/22/2009	7/30/2009	13,171	SHIPPING DOCUMENTS, 30% CONTRIBUTION, PG OF NNAETO ORAZULIKE	PERFORMING
EQUIPMENT SOLUTIONS & LOGISTICS CO.	MR IK MBAGWU	08/20/2008	02/28/2012	349,231	LEASED VEHICLES, 20% CONT., PER. G'TEE OF MD, DOM. OF CONTRACT PROCEEDS	PERFORMING
				10,620,781		

Some of the Directors are also Directors of some companies with whom the Bank does business. All such transactions are done at arms length.

37 Contravention of Banks and Other

Financial Institutions Act CAP B3 LFN 2004

The Bank contravened the Bank and Other Financial Institutions Act CAP B3 LFN 2004 during the year.

Section	Description	No of times	Penalty N'000
20(2) d of BOFIA	Investment in a subsidiary without CBN approval	1	2,000

38 Reclassification of Comparative Figures

Certain balances for the prior year have been reclassified to give more meaningful comparison.

Statement of Value Added

For The Year Ended 30 June 2009

GROUP

	2009 N'000	%	2008 N'000	%
Gross earnings	72,274,698		42,660,181	
Interest expense	(18,017,752)		(7,926,295)	
	54,256,946		34,733,886	
Administration overheads and payment for other services				
- Local	(9,673,876)		(7,538,394)	
- Imported	(339,173)		(265,701)	
Provision for risk assets and other assets	(23,477,082)		(1,774,423)	
VALUE ADDED	20,766,815	100	25,155,368	100
Applied as follows:				
To pay the employees:				
- Salaries, wages and other benefits	14,431,133	69	7,677,175	30
To pay the government:				
- Income tax	3,434,104	17	1,637,810	6
- Information technology levy	47,235	-	165,852	1
To provide for future replacement of assets and expansion of business:				
- Amortisation of intangible assets	127,640	1	118,148	1
- Depreciation	1,989,266	10	1,094,831	4
- Deferred taxation	(1,096,456)	(5)	1,311,517	5
Profits re-invested into the business	1,833,893	8	13,150,035	53
	20,766,815	100	25,155,368	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 that wealth among the employees, shareholders, government and the portion re-invested for creation of more wealth.

BANK

	2009 N'000	%	2008 N'000	%
Gross earnings	70,596,902		40,474,491	
Interest expense	(17,318,011)		(7,447,095)	
	53,278,891		33,027,396	
Administration overheads and payment for other services				
- Local	(9,696,080)		(6,677,475)	
- Imported	(219,088)		(265,701)	
Provision for risk assets and other assets	(22,696,428)		(1,406,035)	
VALUE ADDED	20,667,295	100	24,678,185	100
Applied as follows:				
To pay the employees:				
- Salaries, wages and other benefits	14,017,986	68	7,559,415	30
To pay the government:				
- Income tax	3,360,707	16	1,500,235	6
- Information technology levy	45,701	-	157,880	1
To provide for future replacement of assets and expansion of business:				
- Amortisation of intangible assets	118,148	1	118,148	1
- Depreciation	1,914,940	9	1,046,791	4
- Deferred taxation	(1,088,986)	(5)	1,309,146	5
Profits re-invested into the business	2,298,799	11	12,986,570	53
	20,667,295	100	24,678,185	100

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

Group Five-Year Financial Summary

For the Year Ended 30 June 2009

	2009 N'000	2008 N'000	2007 N'000	2006 N'000	2005 N'000
ASSETS					
Cash and short-term funds	24,894,589	30,904,349	19,734,136	12,224,961	5,278,687
Due from other banks	45,661,593	55,462,712	35,660,742	34,779,729	8,385,619
Treasury bills	161,065,942	178,659,891	70,954,035	25,285,350	4,427,223
Investments	11,756,151	7,178,441	3,331,328	1,408,288	492,056
Loans and advances	214,922,379	229,156,283	70,317,818	38,863,149	14,052,493
Finance leases	15,448,980	5,228,229	1,373,452	251,814	123,817
Other assets	8,597,853	11,599,282	9,689,687	3,219,255	1,434,132
Equipment on lease	10	10	427	3,426	-
Intangible assets	384,096	472,593	-	-	-
Tangible fixed assets	23,535,658	16,817,754	7,270,474	5,053,387	1,390,237
	506,267,251	535,479,544	218,332,100	121,089,359	35,584,264
LIABILITIES					
Deposits	355,770,230	378,543,497	176,416,137	81,946,304	20,701,854
Other liabilities	17,950,519	16,926,125	10,817,614	12,399,596	4,676,593
Taxation payable	2,840,531	2,800,703	584,349	901,823	293,896
	376,561,280	398,270,325	187,818,100	95,247,723	25,672,343
CAPITAL AND RESERVES					
Share capital	14,481,293	14,481,293	8,231,843	8,231,843	4,274,920
Share premium	101,272,022	101,370,210	11,177,852	11,177,852	2,739,150
Statutory reserves	8,282,513	7,593,473	3,697,502	2,449,500	1,500,796
Small scale industries reserve	763,771	763,771	763,771	763,771	447,536
General reserve	2,752,300	10,296,222	3,676,348	487,780	814,520
Capital reserve	1,866,771	1,866,771	2,553,971	2,553,971	-
Shareholders' funds	129,418,670	136,371,740	30,101,287	25,664,717	9,776,922
Minority interest	287,301	837,479	412,713	176,919	134,999
	506,267,251	535,479,544	218,332,100	121,089,359	35,584,264
Gross earnings	72,274,698	42,660,181	24,858,931	11,930,912	6,366,558
Profit before taxation	3,768,405	16,305,628	5,111,364	3,673,398	1,650,499
Profit after taxation	1,430,757	13,356,301	4,714,283	3,218,617	1,305,854
Dividend	-	8,688,776	2,634,190	1,811,006	-
Per 50k share: Naira					
Earnings (Basic)	5	46	29	20	15
Dividend per share	-	60	32	22	-
Net assets (actual)	447	471	183	156	114

Note: The earnings and dividend per share have been computed on the basis of the profit after tax and the number of issued shares as at 30 June of every year. Net assets per share have been computed on the number of issued shares at 30 June of every year.

Bank Five-year Financial Summary

For the Year Ended 30 June 2009

	2009 N'000	2008 N'000	2007 N'000	2006 N'000	2005 N'000
ASSETS					
Cash and short-term funds	24,896,093	30,901,857	19,733,974	12,174,536	5,219,332
Due from other banks	45,379,647	55,462,712	35,668,107	34,834,546	8,281,394
Treasury bills	161,065,942	178,659,891	70,954,035	25,285,350	4,427,223
Investments	10,436,921	5,014,494	3,095,254	1,376,748	618,315
Loans and advances	215,112,075	230,713,051	70,237,512	38,661,271	13,892,290
Finance leases	15,448,980	5,228,229	1,373,452	251,814	123,817
Other assets	8,298,982	10,247,424	9,086,505	2,587,204	1,220,900
Equipment on lease	10	10	427	3,426	-
Intangible assets	354,445	472,593	-	-	-
Tangible fixed assets	23,172,625	16,421,972	6,995,199	4,810,906	1,170,080
	504,163,720	533,122,233	217,144,465	119,985,801	34,953,351
LIABILITIES					
Deposits	356,137,293	379,728,968	176,681,327	81,592,759	20,572,061
Other liabilities	15,874,355	14,878,673	10,315,557	11,941,038	4,409,179
Taxation payable	2,778,248	2,650,604	390,581	855,011	248,563
	374,789,896	397,258,245	187,387,465	94,388,808	25,229,803
CAPITAL AND RESERVES					
Share capital	14,481,293	14,481,293	8,231,843	8,231,843	4,274,920
Share premium	101,272,022	101,370,210	11,177,852	11,177,852	2,739,150
Statutory reserves	8,282,513	7,593,473	3,697,502	2,449,500	1,500,796
Small scale industries reserve	763,771	763,771	763,771	763,771	447,536
General reserve	2,707,454	9,788,470	3,332,061	420,056	761,146
Capital reserve	1,866,771	1,866,771	2,553,971	2,553,971	-
Shareholders' funds	129,373,824	135,863,988	29,757,000	25,596,993	9,723,548
	504,163,720	533,122,233	217,144,465	119,985,801	34,953,351
Gross earnings	70,596,902	40,474,491	23,629,679	11,572,151	6,158,659
Profit before taxation	4,568,520	15,795,951	4,403,393	3,587,300	1,564,390
Profit after taxation	2,296,799	12,986,570	4,160,007	3,162,347	1,236,790
Dividend	-	8,688,776	2,634,190	1,811,006	-
Per 50k share: Naira					
Earnings (Basic)	8	45	25	19	14
Dividend per share	5	60	32	22	-
Net assets (actual)	447	469	181	155	114

NOTE: The earnings and dividend per share have been computed on the basis of the profit after tax and the number of issued shares as at 30 June of every year. Net assets per share have been computed on the number of issued shares at 30 June of every year.

Fidelity Bank Plc & Dorman Long Protective Coating Ltd - a partnership for development

The newly installed *Hot Dip Galvanising Plant* of Dorman Long Protective Coating Nigeria Ltd, is the largest in Africa and equipped with the most recent environment- friendly gas cleaning scrubber. Fidelity Bank is proud to be financier of both the *Hot Dip Galvanising Plant* and *Pipe Workshop*.

Hot Dip Galvanising Plant (Kettle)

Pipe Workshop

(L -R) ED, Public Sector & Investment Banking, Abdul-Rahman Esene; ED, Business Banking, Willie Obiano and ED, Risk Management, Onome Olaolu (who is also an ICAN Council Member), during a courtesy visit to the bank by the Executive of the Institute of Chartered Accountants of Nigeria (ICAN).

Notes


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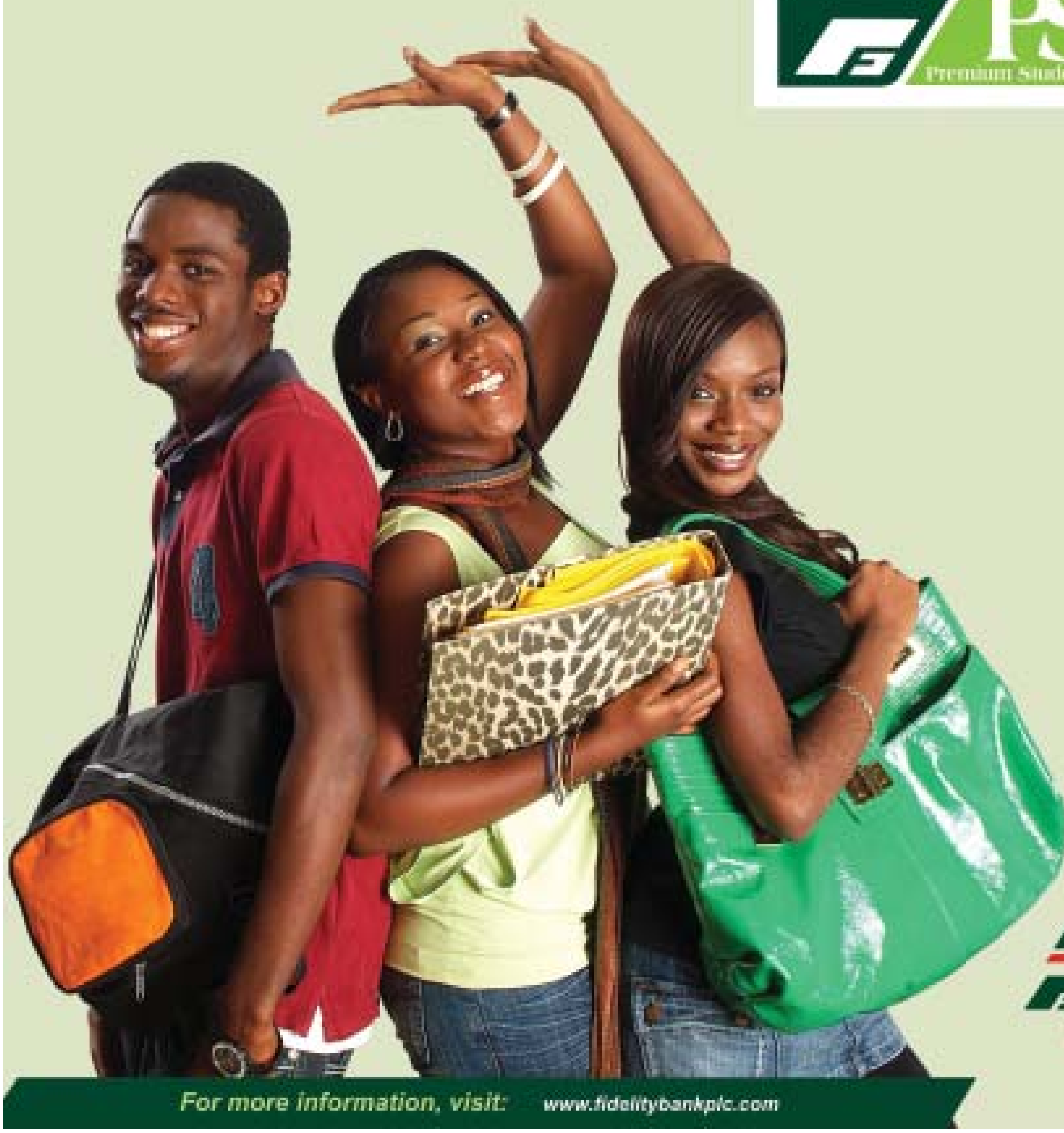

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Fidelity Bank Plc (RC. 103022)

ADMISSION CARD

TWENTY FIRST ANNUAL GENERAL MEETING TO BE HELD AT THE SHELL HALL, MUSON CENTRE, 8/9 MARINA, ONIKAN, LAGOS STATE AT 11.00 A. M. ON 21ST DECEMBER, 2009

NAME OF SHAREHOLDER:	
NUMBER OF SHARES HELD:	

Please admit ……………………………………………………………………… to the 21st 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

PROXY FORM

Fidelity Bank Plc (RC. 103022)

TWENTY FIRST ANNUAL GENERAL MEETING TO BE HELD AT THE SHELL HALL, MUSON CENTRE, 8/9 MARINA, ONIKAN, LAGOS STATE AT 11.00 A. M. ON 21ST DECEMBER, 2009

I/We…………………………………………………………...of…………………………………………………………. being a shareholder 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 21st Annual General Meeting to be held on 21ST December, 2009 and at any adjournment thereof.

DATED THE ……….… DAY OF… ………...2009.

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 year ended June 30, 2009 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.		
	NO.	SPECIAL BUSINESS	FOR	AGAINST
	1.	Special Resolution To approve the issuance of N200,000,000,000.00 (Two Hundred Billion Naira) in Corporate Bonds, execution of Agreements, appointment of professional parties and matters incidental thereto.		
	2.	To authorize the Directors to do take any further action to give effect to the resolutions passed at the Annual General Meeting.		

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 authorised.

(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).

www.fidelitybankplc.com