

# Fidelity Bank Investor Presentation

Unaudited Financial Results for the 9 months ended  
September 30, 2017



**1. Overview of Fidelity Bank**

**2. The Operating Environment**

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# 1. Overview of Fidelity Bank



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# Overview of Fidelity Bank



## Background

- ▶ A full service bank with International Authorisation established in 1987 and licensed by the Central Bank of Nigeria
- ▶ The Bank currently has over 400,000 shareholders with the majority being Nigerian citizens and corporations.
- ▶ A Well capitalised bank with a CAR of 17.3%
- ▶ Our branch network is strategically located in key business centres across all the 36 states of the federation (including FCT Abuja).
- ▶ Strategic focus is on niche corporate banking sectors, the SMEs, and retail banking driven by electronic banking services and products.

## Distribution Network

Business Offices		Digital Channels	
Lagos	85	ATMs	774
South West	12	POS	4,046
South South	44		
South East	43		
North West	15		
North East	8		
North Central	11		
FCT Abuja	22		
		Digital Penetration	
		Debit Cards	1,951,461
		Mobile Banking	942,034
		Internet Banking	307,857

## Key Highlight

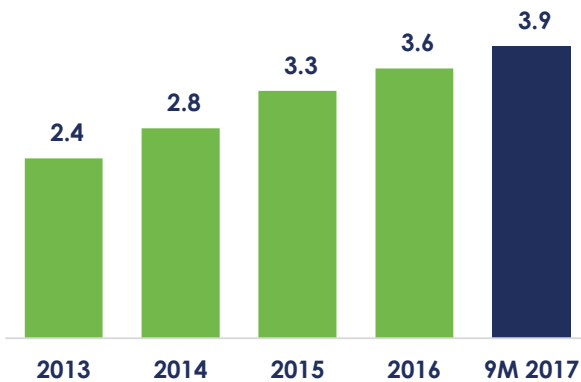
Total Assets	N1,327.8 billion
Total Equity	N200.6 billion
Business Offices	240
No of Accounts	3.9 million
Professional Staff	3,160
Consumer Sales Agents	1,057
Ratings	B-/B- (S&P)/Fitch
Auditors	Ernst & Young / PKF

# Overview of Fidelity Bank

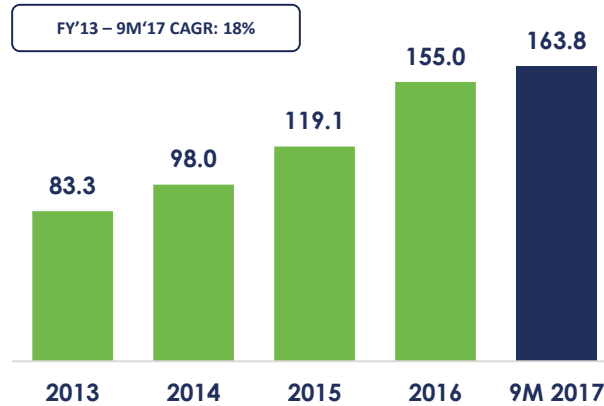


## Rapid deployment of electronic products to drive retail banking penetration

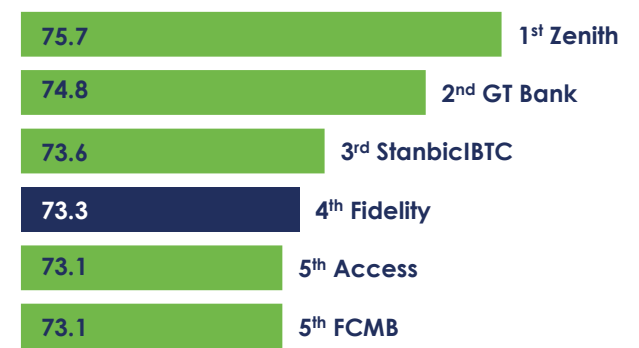
Number of Customer Accounts (#'m)



Savings deposits (N'bn)

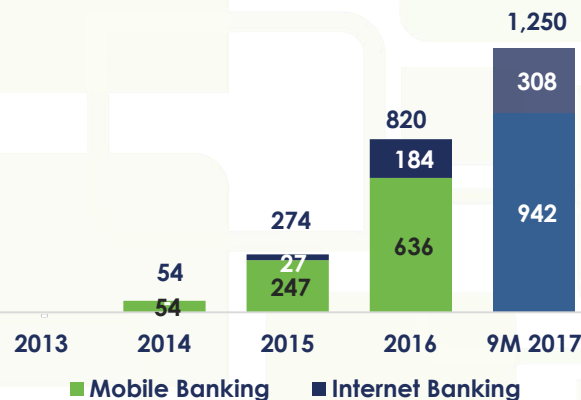


Top 5 Retail Banks (KPMG Rating)

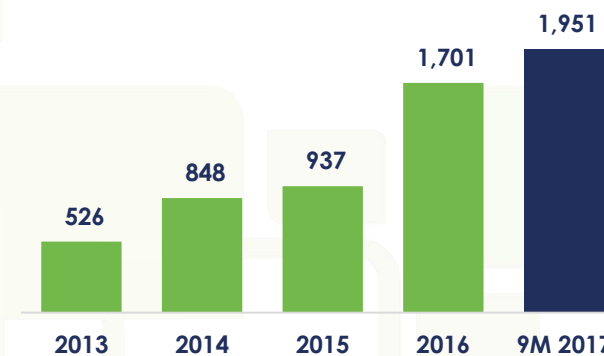


Source: KPMG Banking Industry Customer Satisfaction Survey 2017

Mobile/Internet Banking Cust. (#'000)



Number of Debit Cardholders (#'000)



### Commentary

- ▶ Retail strategy delivering results as Fidelity was rated the 4<sup>th</sup> Best Retail Bank in the Premier KPMG Annual Survey.
- ▶ One of the 2 banks in Nigeria that pioneered the adoption of USSD banking.
- ▶ Digital banking strategy has seen over 50% of customers using debit cards and 30% using our mobile/internet banking.
- ▶ Savings deposits have grown significantly by c.97% to N163.8bn as at 30 Sep 2017, from N83.3bn as at 31 December 2013.



# You Don't Need A Token

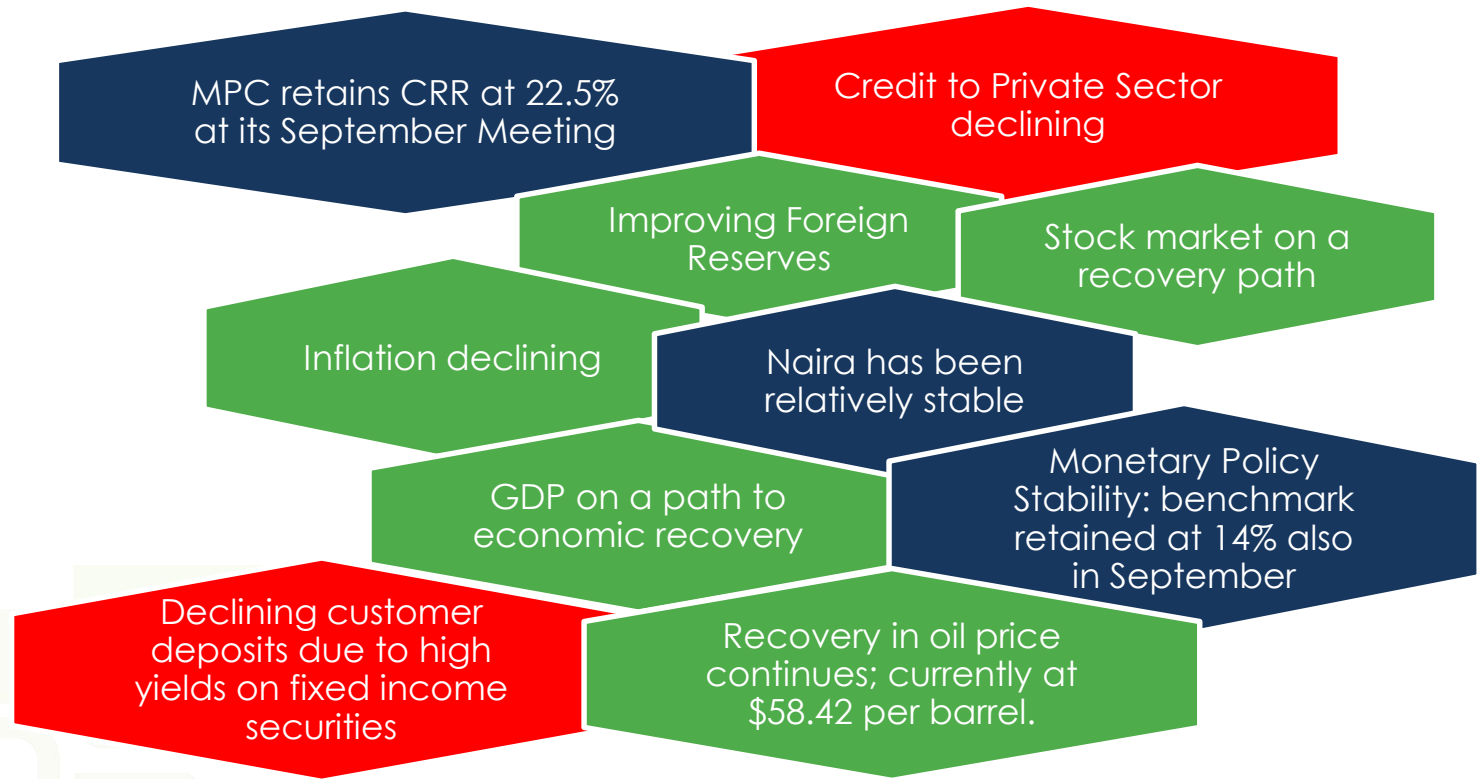


**For Transactions Up To N200,000.  
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to use this service



# The Operating Environment



Stable-	
Improving-	
Declining-	



### 3. Financial Highlights



## Entrepreneurs Get Paid With Pay By link

Share the link with your customers on **social media, email and Whatsapp** to receive payment instantly



[merchant.fidelitybank.ng](https://merchant.fidelitybank.ng)



Pay By Link



# Performance Highlights



## Revenue and Efficiency Ratio

- ❑ Total Interest Income up by 20.7% to N110.4 billion in 9M 2017 (9M 2016: N91.4 billion)
- ❑ Operating Expenses down by 2.6% to N47.5 billion in 9M 2017 (9M 2016: N48.7 billion)
- ❑ Cost-income Ratio down to 66.8% in 9M 2017 from 73.3% in 9M 2016
- ❑ PBT up by 65.1% to N16.2 billion in 9M 2017 (PAT came in at N14.5 billion)

## Asset Quality

- ❑ Cost of Risk increased to 1.3% in 9M 2017, compared to 1.2% in 2016 FY
- ❑ NPL Ratio improved to 5.9% in 9M 2017 from 6.6% in 2016 FY
- ❑ Coverage Ratio increased to 97.3% in 9M 2017 from 83.0% in 2016 FY
- ❑ FCY Loans remained unchanged at 44.4% of Net Loans compared to 2016 FY

## Capital Adequacy and Liquidity

- ❑ Capital Adequacy Ratio of 17.3%, based on Basel II computation
- ❑ Liquidity Ratio of 34.4% compared to regulatory minimum of 30.0%
- ❑ Net Loans to Customer Deposits Ratio stood at 82.8% from 78.0% (2016 FY)
- ❑ Total Equity at N200.6 billion compared to N185.4 billion in 2016 FY

# Financial Highlights



- ❑ Gross earnings increased by 17.9% YoY to N130.1 billion driven by a combination of increased yields on earning assets which led to a 20.7% YoY growth in interest income, and a 7.7% growth in net fee and commission income to N17.2 billion.
- ❑ Average yield on earning assets remained high at 15.1% compared to 12.6% in 9M 2016 with NIM increasing to 7.4% in 9M 2017 from 7.0% in 9M 2016 (2016FY: 6.4%) as yield on earning assets continue to outpace the increase in funding cost.
- ❑ Total operating expenses declined by 2.6% (despite the high inflationary environment) to N47.5 billion leading to a drop in CIR to 66.8% from 73.3% in 9M 2016 as the bank deepens the implementation of various cost containment initiatives from its Business Process Review Project.
- ❑ PBT increased by 65.1% YoY to N16.2 billion compared to N9.8 billion reported in 9M 2016, driven by a N5.1 billion (8.8%) growth in net revenue and a N1.3 billion (2.6%) decline in total operating expenses.
- ❑ While the Bank continues to optimize its balance sheet, the \$400 million Eurobond issued at 10.50% coupon would have 40 bpts negative impact on its average funding cost which stood at 7.1% as at the end of September 2017.

# Financial Highlights

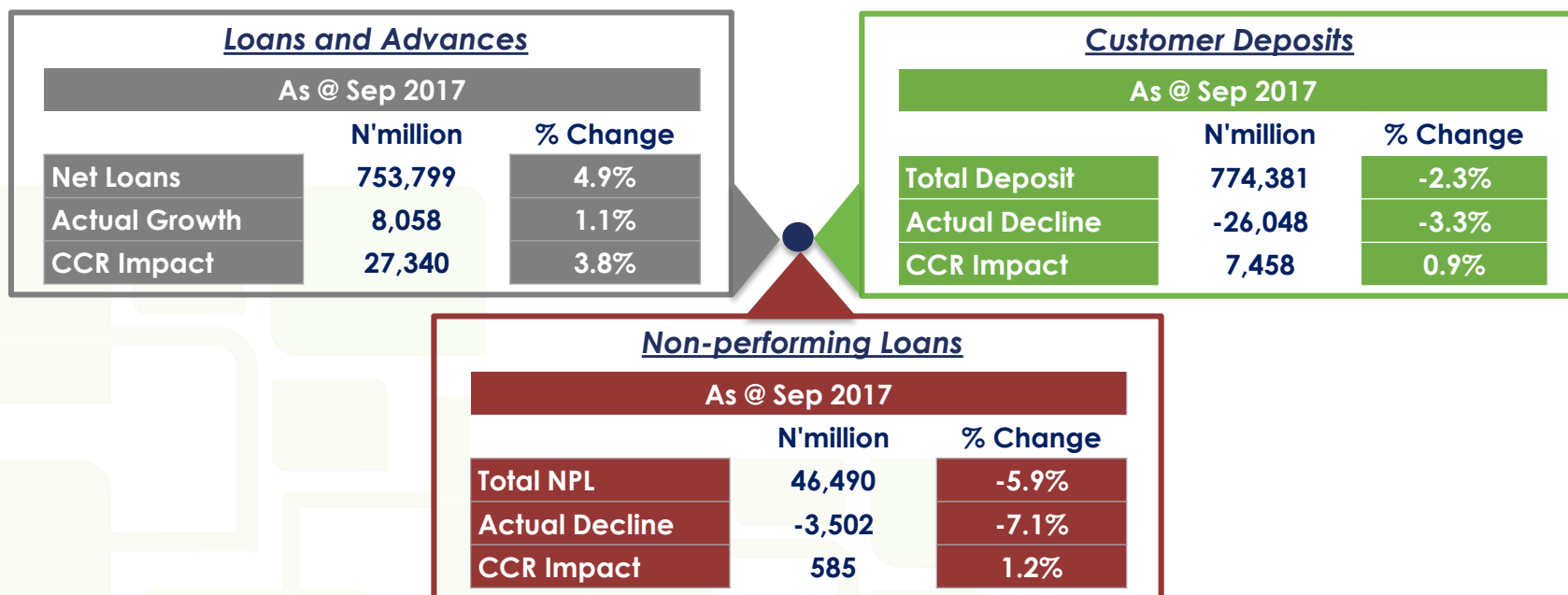


- ❑ Total customer deposits declined by 2.3% to N774.4 billion from N793.0 billion in December 2016, principally due to the pay-off of ALL outstanding FCY TSA deposits amounting to N53 billion (\$175 million). However, compared to June 2017, total deposits grew by 1.7% (actual growth of 0.8%) from N761.1 billion.
- ❑ Savings deposits increased by 5.7% to N163.8 billion in September 2017 from N155.0 billion in December 2016 on the strength of the retail banking strategy as low cost deposits continued to account for over 70% of total customer deposits.
- ❑ Risk assets increased YTD by 4.9% to N753.8 billion from N718.4 billion in 2016 FYE. However, actual real growth in risk assets was 1.1% while the impact of the change in currency conversion rate (CCR) was 3.8%: Cost of risk increased marginally to 1.3% from 1.2% in 2016 FY.
- ❑ NPL improved to 5.9% from 6.6% in the 2016 FYE due to a combination of 5.9% drop in absolute NPL figures and the growth in the loan book with coverage ratio now at 97.3% compared to 83.0% in 2016 FYE.
- ❑ Key regulatory ratios remained above the required thresholds with Capital Adequacy Ratio (CAR) increasing marginally to 17.3% from 17.2% in 2016 FY after adjusting for N16.0 billion capital charge.

# Highlights of the Impact of FX Currency Conversion Rate



- In line with best market risk practices, our currency conversion rate (CCR) has been changed to reflect a hybrid of the CBN official rate and the Investors and Exporters rate.
- This resulted in the Bank's CCR moving from N306/\$ to N333/\$, representing an 8.8% increase in the NGN/USD cross rate which translated to a 0.9% growth in total deposits and a 3.8% growth in risk assets.



# Financial Highlights



Summary of Income Statement: YoY Change				
N'million	9M 2016	9M 2017	VAR	% VAR
<b>Gross Earnings</b>	<b>110,346</b>	<b>130,086</b>	<b>19,739</b>	<b>17.9%</b>
Interest Income Loans	68,002	82,199	14,197	20.9%
Interest Income Liquid Assets	23,426	28,168	4,742	20.2%
<b>Total Interest Income</b>	<b>91,428</b>	<b>110,368</b>	<b>18,940</b>	<b>20.7%</b>
Interest Expense Customer Deposits	(29,717)	(44,882)	(15,165)	51.0%
Interest Expense Borrowings	(11,191)	(11,681)	(490)	4.4%
<b>Total Interest Expense</b>	<b>(40,908)</b>	<b>(56,563)</b>	<b>(15,655)</b>	<b>38.3%</b>
<b>Net Interest Income</b>	<b>50,520</b>	<b>53,805</b>	<b>3,285</b>	<b>6.5%</b>
FX Income	3,799	6,240	2,441	64.3%
E-banking Income	8,968	5,072	(3,896)	-43.4%
Other Fee Income (Net)	3,249	5,930	2,681	82.5%
<b>Net Fee Income</b>	<b>16,016</b>	<b>17,242</b>	<b>1,226</b>	<b>7.7%</b>
<b>Operating Income</b>	<b>66,535</b>	<b>71,046</b>	<b>4,511</b>	<b>6.8%</b>
<b>Total Expenses</b>	<b>(48,741)</b>	<b>(47,487)</b>	<b>1,254</b>	<b>-2.6%</b>
Net Impairment Losses	(7,960)	(7,323)	637	-8.0%
<b>Profit Before Tax</b>	<b>9,835</b>	<b>16,236</b>	<b>6,402</b>	<b>65.1%</b>

Please note: Gross earnings was calculated based on total fees & commission income

Net fee income includes net gains/ (losses) from financial instruments



# Financial Highlights



Summary of Income Statement: QoQ Change					
N'million	Q1 2017	Q2 2017	Q3 2017	VAR	% VAR
<b>Gross Earnings</b>	<b>40,842</b>	<b>44,979</b>	<b>44,265</b>	<b>(714)</b>	<b>-1.6%</b>
Interest Income Loans	26,790	26,671	28,738	<b>2,067</b>	<b>7.8%</b>
Interest Income Liquid Assets	9,440	9,952	8,776	<b>(1,176)</b>	<b>-11.8%</b>
<b>Total Interest Income</b>	<b>36,230</b>	<b>36,623</b>	<b>37,515</b>	<b>891</b>	<b>2.4%</b>
Interest Expense Customer Deposits	(15,900)	(15,185)	(13,797)	<b>1,389</b>	<b>-9.1%</b>
Interest Expense Borrowings	(3,773)	(3,295)	(4,613)	<b>(1,319)</b>	<b>40.0%</b>
<b>Total Interest Expense</b>	<b>(19,673)</b>	<b>(18,480)</b>	<b>(18,410)</b>	<b>70</b>	<b>-0.4%</b>
<b>Net Interest Income</b>	<b>16,557</b>	<b>18,143</b>	<b>19,105</b>	<b>961</b>	<b>5.3%</b>
FX Income	323	3,099	2,818	<b>(281)</b>	<b>-9.1%</b>
E-banking Income	2,061	1,536	1,475	<b>(61)</b>	<b>-4.0%</b>
Other Fee Income (Net)	1,024	3,187	1,719	<b>(1,469)</b>	<b>-46.1%</b>
<b>Net Fee Income</b>	<b>3,408</b>	<b>7,822</b>	<b>6,012</b>	<b>(1,811)</b>	<b>-23.1%</b>
<b>Operating Income</b>	<b>19,965</b>	<b>25,965</b>	<b>25,116</b>	<b>(849)</b>	<b>-3.3%</b>
<b>Total Expenses</b>	<b>(14,365)</b>	<b>(16,536)</b>	<b>(16,585)</b>	<b>(49)</b>	<b>0.3%</b>
Net Impairment Losses	(750)	(4,060)	(2,513)	<b>1,547</b>	<b>-38.1%</b>
<b>Profit Before Tax</b>	<b>4,849</b>	<b>5,370</b>	<b>6,017</b>	<b>648</b>	<b>12.1%</b>

Please note: Gross earnings was calculated based on total fees & commission income

Net fee income includes net gains/ (losses) from financial instruments

# Financial Highlights



## Statement of Financial Position: YTD Change

N'million	2016 FY	9M 2017	VAR	% VAR
<b>Total Assets</b>	<b>1,298,141</b>	<b>1,327,827</b>	<b>29,686</b>	<b>2.3%</b>
<b>Earning Assets</b>	<b>970,213</b>	<b>978,129</b>	<b>7,916</b>	<b>0.8%</b>
Bank Placements	13,011	0	(13,011)	-100.0%
Treasury Bills	126,823	121,250	(5,573)	-4.4%
Bonds	111,978	103,081	(8,897)	-7.9%
Customer Loans (Naira)	399,394	418,742	19,349	4.8%
Customer Loans (FCY)	319,007	335,056	16,049	5.0%
<b>Non-Earning Assets</b>	<b>327,928</b>	<b>349,697</b>	<b>21,770</b>	<b>6.6%</b>
Cash	34,861	17,969	(16,892)	-48.5%
Cash Reserve	170,246	164,036	(6,210)	-3.6%
Bal. with other Banks/Settlement Acct	38,143	80,967	42,824	154.0%
Fixed Assets	40,356	37,829	(2,526)	-6.3%
All Other Assets	44,322	48,896	4,574	10.3%
<b>Interest Bearing Liabilities</b>	<b>1,051,997</b>	<b>1,060,429</b>	<b>8,432</b>	<b>0.8%</b>
Demand	453,461	405,063	(48,398)	-10.7%
Savings	155,019	163,788	8,769	5.7%
Time Deposits	184,491	205,531	21,040	11.4%
Other Borrowings	37,219	44,870	7,651	20.6%
On-lending Facilities	99,991	112,251	12,260	12.3%
Debt Securities	121,816	128,927	7,111	5.8%
<b>All Other Liabilities</b>	<b>60,742</b>	<b>66,798</b>	<b>6,056</b>	<b>10.0%</b>
<b>Equity</b>	<b>185,402</b>	<b>200,600</b>	<b>15,198</b>	<b>8.2%</b>

# Financial Highlights



## Statement of Financial Position: QoQ Change

N'million	Q1 2017	Q2 2017	Q3 2017	VAR	% VAR
<b>Total Assets</b>	<b>1,310,854</b>	<b>1,308,702</b>	<b>1,327,827</b>	<b>19,125</b>	<b>1.5%</b>
<b>Earning Assets</b>	<b>974,793</b>	<b>946,942</b>	<b>978,129</b>	<b>31,188</b>	<b>3.3%</b>
Bank Placements	10,000	5,615	0	(5,615)	-100.0%
Treasury Bills	114,338	106,128	121,250	15,121	14.2%
Bonds	120,007	115,036	103,081	(11,955)	-10.4%
Customer Loans (Naira)	411,290	422,871	418,742	(4,129)	-1.0%
Customer Loans (FCY)	319,158	297,292	335,056	37,765	12.7%
<b>Non-Earning Assets</b>	<b>336,062</b>	<b>361,760</b>	<b>349,697</b>	<b>(12,063)</b>	<b>-3.3%</b>
Cash	18,244	26,199	17,969	(8,230)	-31.4%
Cash Reserve	175,810	184,233	164,036	(20,197)	-11.0%
Bal. with other Banks/Settlement Acct	59,642	60,469	80,967	20,498	33.9%
Fixed Assets	39,166	39,732	37,829	(1,903)	-4.8%
All Other Assets	43,200	51,127	48,896	(2,231)	-4.4%
<b>Interest Bearing Liabilities</b>	<b>1,065,850</b>	<b>1,034,929</b>	<b>1,060,429</b>	<b>25,499</b>	<b>2.5%</b>
Demand	458,691	413,619	405,063	(8,556)	-2.1%
Savings	163,747	161,101	163,788	2,687	1.7%
Time Deposits	177,810	186,349	205,531	19,182	10.3%
Other Borrowings	44,196	43,500	44,870	1,370	3.1%
On-lending Facilities	100,671	108,103	112,251	4,148	3.8%
Debt Securities	120,736	122,258	128,927	6,669	5.5%
<b>All Other Liabilities</b>	<b>55,790</b>	<b>81,434</b>	<b>66,798</b>	<b>(14,636)</b>	<b>-18.0%</b>
<b>Equity</b>	<b>189,214</b>	<b>192,339</b>	<b>200,600</b>	<b>8,261</b>	<b>4.3%</b>

## 4. Financial Review – SCI

### Enjoy A Simpler Life With Fidelity Digital Banking Solutions

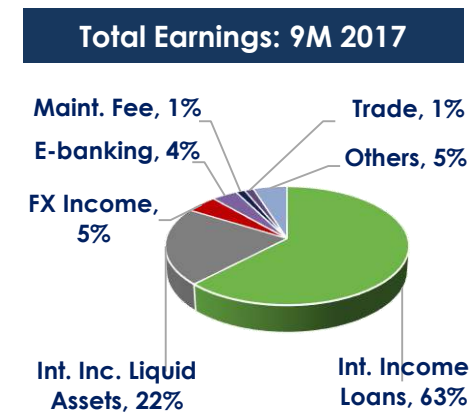
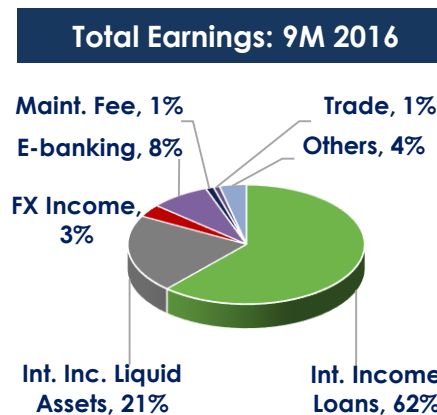
 <p><b>*770#</b> Instant Banking</p>	 <p>Online Banking</p>	 <p>Cards</p>
 <p>ATM</p>	 <p>POS</p>	 <p>Pay By Link</p>
 <p>MCash</p>		



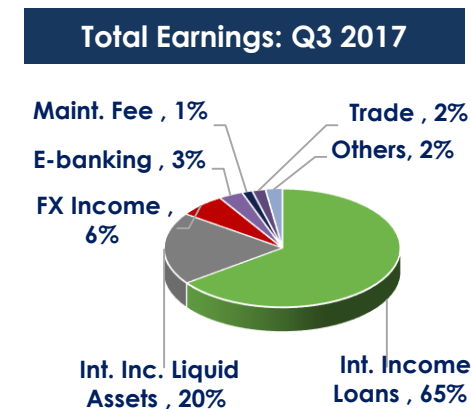
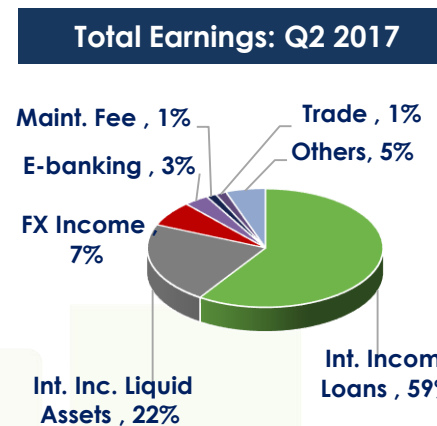
# Gross Earnings Analysis



Key Highlights (N'm)	9M 2016	9M 2017	VAR	% VAR
<b>Total Earnings</b>	<b>110,346</b>	<b>130,086</b>	<b>19,739</b>	<b>17.9%</b>
Interest Income Loans	68,002	82,199	14,197	20.9%
Int. Income Liquid Assets	23,426	28,168	4,742	20.2%
FX Income	3,799	6,240	2,441	64.3%
E-banking Income	8,968	5,072	(3,896)	-43.4%
A/C Maintenance fee	1,202	1,789	588	48.9%
Trade Income	939	1,794	855	91.1%
Other Income	4,011	4,823	812	20.2%



Key Highlights (N'm)	Q2 2017	Q3 2017	VAR	% VAR
<b>Total Earnings</b>	<b>44,979</b>	<b>44,265</b>	<b>(714)</b>	<b>-1.6%</b>
Interest Income Loans	26,671	28,738	2,067	7.8%
Int. Income Liquid Assets	9,952	8,776	(1,176)	-11.8%
FX Income	3,099	2,818	(281)	-9.1%
E-banking Income	1,536	1,475	(61)	-4.0%
A/C Maintenance fee	617	630	13	2.2%
Trade Income	672	809	137	20.5%
Other Income	2,432	1,018	(1,414)	-58.2%



- Sustained double-digit growth in gross earnings as yield on earning assets improves to 15.1%. Growth in gross earning was largely due to a 20.9% (N14.2 billion) increase in interest income on loans and a 20.2% increase in interest income on liquid assets.
- Total interest income contribution to gross earnings was 84.8% compared to 82.9% in 9M 2016;

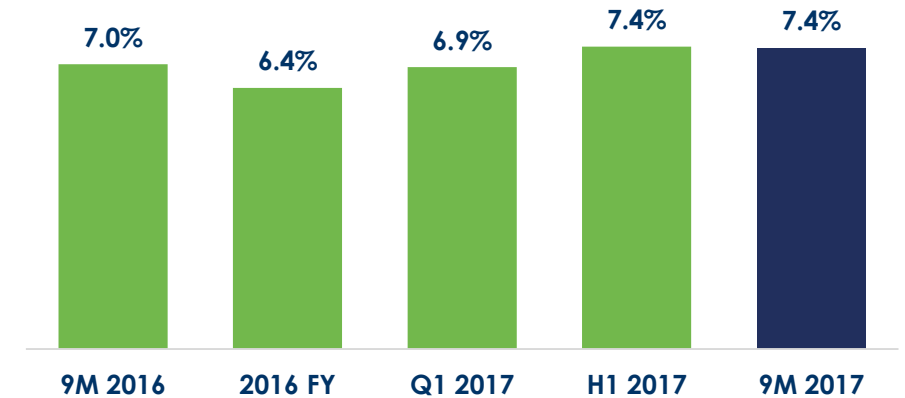


# Net Interest Margin Analysis

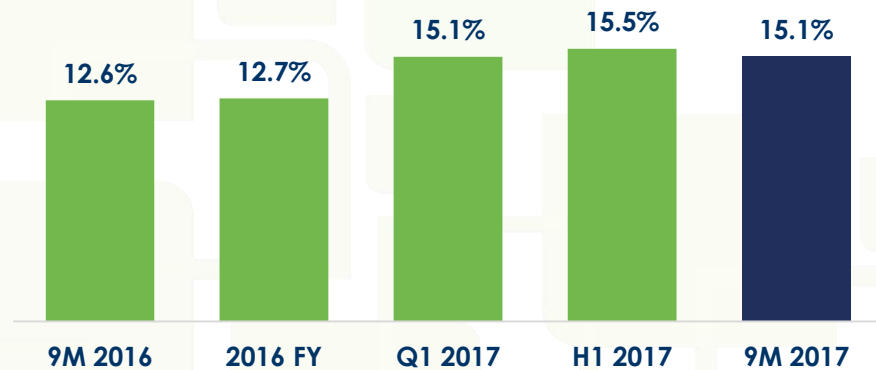


- ▶ NIM remained at 7.4% in 9M 2017 from 6.4% in 2016FY despite the reduction in yields on liquid assets towards the end of the quarter.
- ▶ The yield on earning assets dropped marginally from 15.1% in 9M from 15.5% in H1 due to a reduction in the yield on government securities in Q3.
- ▶ Average funding cost has dropped for 2 consecutive periods to 7.1% in 9M in line with the Bank's balance sheet optimization. Cost of funds would inch up by about 40 bpts due to the \$400m Eurobond priced at 10.5% coupon.

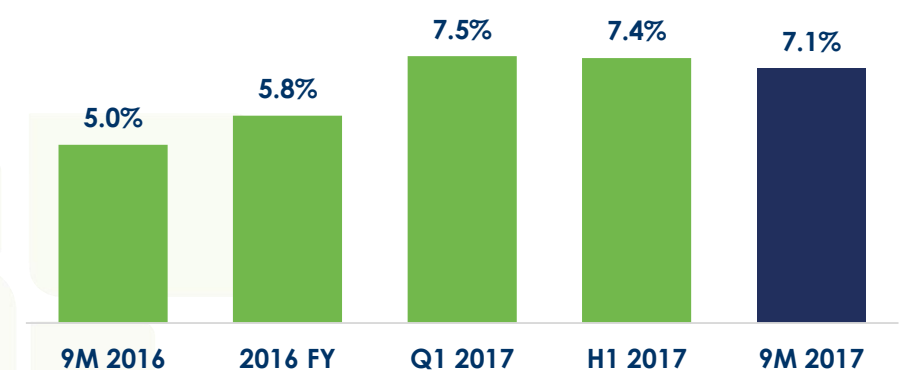
## NIM Trend



## Yield on Earning Assets



## Funding Cost

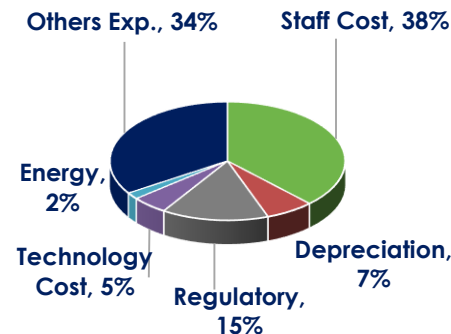


# Total Expense Analysis

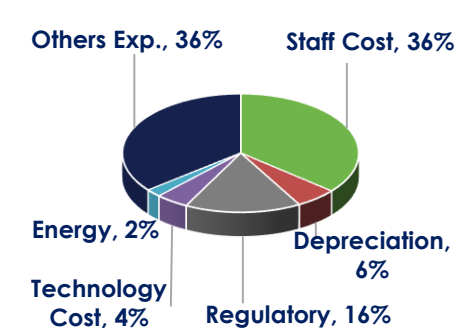


Key Highlights (N'm)	9M 2016	9M 2017	VAR	% VAR
<b>Total Expenses</b>	<b>48,741</b>	<b>47,487</b>	<b>-1,254</b>	<b>-2.6%</b>
Staff Cost	18,407	17,139	-1,268	-6.9%
Depreciation	3,241	2,696	-545	-16.8%
NDIC/AMCON Cost	7,152	7,527	376	5.3%
Technology Cost	2,420	2,127	-293	-12.1%
Energy Cost	888	1,021	133	15.0%
Security	996	923	-73	-7.3%
Branding & Advert	6,776	6,572	-205	-3.0%
Other Expenses	8,861	9,482	622	7.0%

**Total Expenses: 9M 2016**

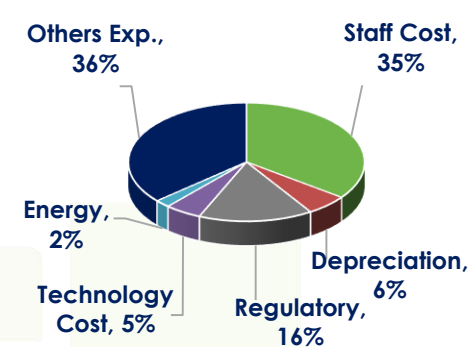


**Total Expenses: 9M 2017**

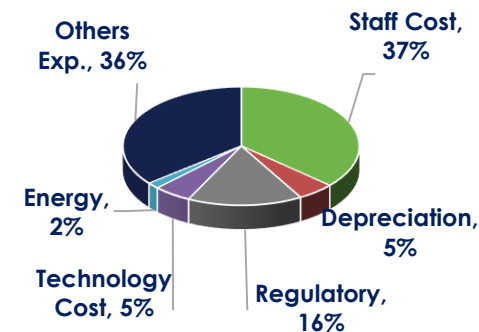


Key Highlights (N'm)	Q2 2017	Q3 2017	VAR	% VAR
<b>Total Expenses</b>	<b>16,536</b>	<b>16,585</b>	<b>49</b>	<b>0.3%</b>
Staff Cost	5,818	6,065	247	4.2%
Depreciation	946	841	-105	-11.1%
NDIC/AMCON Cost	2,581	2,601	20	0.8%
Technology Cost	828	860	32	3.8%
Energy Cost	346	277	-69	-19.8%
Security	305	308	3	1.0%
Branding & Advert	2,608	2,036	-572	-21.9%
Other Expenses	3,104	3,598	494	15.9%

**Total Expenses: Q2 2017**



**Total Expenses: Q3 2017**



- Total operating expenses dropped by 2.6% YoY to N47.5 billion despite operating in a high inflationary environment; Latest headline inflation rate is 15.98% for September 2017.
- Staff cost remains the largest cost line, contributing 36.1% and 37.8% in 9M 2017 and 9M 2016 respectively.

# Cost Dynamics – YoY Breakdown



## Breakdown of Operating Expenses: 9M 2016 Vs. 9M 2017

N'million	9M 2016	9M 2017	VAR	% VAR
Staff cost	18,407	17,139	(1,268)	-6.9%
Depreciation	3,241	2,696	(545)	-16.8%
Bank charges	772	352	(420)	-54.4%
Technology cost	2,420	2,127	(293)	-12.1%
Branding & advert	6,776	6,572	(205)	-3.0%
Telephone expenses	282	79	(202)	-71.9%
Legal expenses	214	133	(81)	-37.7%
Security expenses	996	923	(73)	-7.3%
Cash movement expenses	427	403	(24)	-5.6%
Postage and courier expenses	77	54	(24)	-30.5%
Training expenses	243	250	7	2.8%
Stationery expenses	189	203	14	7.3%
Repairs and maintenance	1,878	1,901	23	1.2%
Auditors' remuneration	141	172	31	21.9%
Insurance expenses	247	279	32	13.1%
Travelling and accommodation	431	467	37	8.5%
Outsourced cost	2,599	2,663	64	2.5%
Directors' emoluments	164	269	105	64.4%
Energy (Electricity & Diesel)	888	1,021	133	15.0%
Consultancy expenses	366	515	149	40.7%
NDIC / AMCON charges	7,152	7,527	376	5.3%
Rent and rates	201	614	413	204.7%
Other expenses	629	1,126	497	79.0%
	48,741	47,487	(1,254)	-2.6%

# Cost Dynamics – QoQ Breakdown



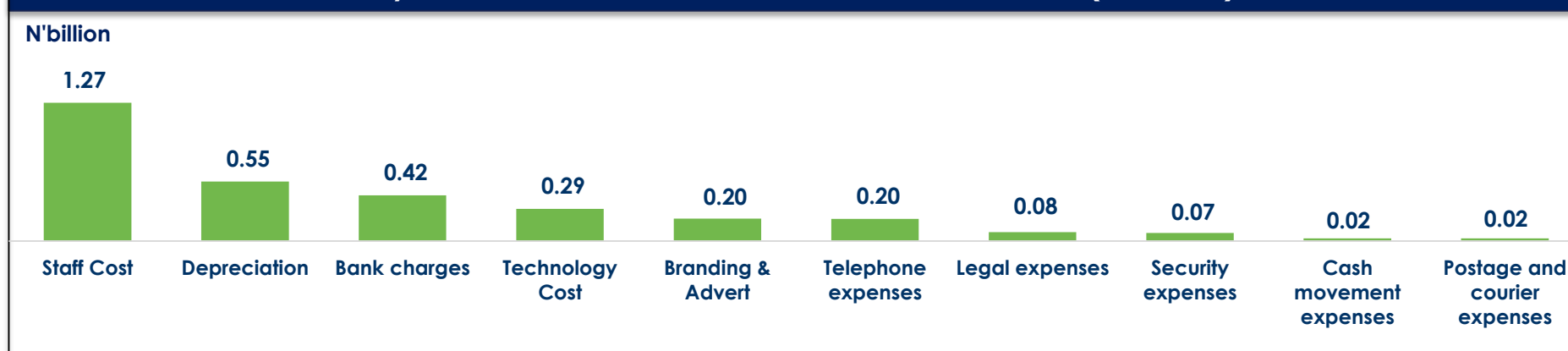
## Breakdown of Operating Expenses: Q2 2017 Vs. Q3 2017

N'million	Q2 2017	Q3 2017	VAR	% VAR
Branding & advert	2,608	2,036	(572)	-21.9%
Depreciation	946	841	(105)	-11.1%
Energy (Electricity & Diesel)	346	277	(69)	-19.8%
Repairs & Maint.	626	584	(42)	-6.8%
Consultancy expenses	223	182	(41)	-18.3%
Rent and rates	218	220	2	0.7%
Postage and courier expenses	17	19	2	13.0%
Security expenses	305	308	3	1.0%
Stationery expenses	67	71	4	5.7%
Telephone expenses	23	29	6	27.2%
Auditors' remuneration	63	72	9	15.1%
Legal expenses	22	40	18	83.8%
Travelling and accommodation	159	178	19	12.0%
Insurance expenses	87	107	20	22.6%
NDIC / AMCON charges	2,581	2,601	20	0.8%
Cash movement expenses	123	145	22	17.8%
Technology cost	828	860	32	3.8%
Training expenses	89	123	34	38.4%
Bank charges	70	135	65	92.5%
Directors' emoluments	72	141	69	95.2%
Outsourced cost	838	998	160	19.1%
Staff cost	5,818	6,065	247	4.2%
Other expenses	405	552	147	36.2%
	16,536	16,585	49	0.3%

# Cost Savings Analysis



## Key Drivers in 9M 2017: YoY Actual Cost Decrease / (Increase)



## Key Drivers in Q3 2017 : QoQ Actual Cost Decrease / (Increase)



➤ Our cost optimization initiatives have continued to deliver cost savings YoY / QoQ.



## 4. Financial Review – SFP

For MTN subscribers only.



Fair usage applies.

# Say Y'ello...

No need for data to transact on  
Fidelity Online & Mobile App

*It's not even the Festive Season yet but we just can't hold back all  
the freebies we have for you.*

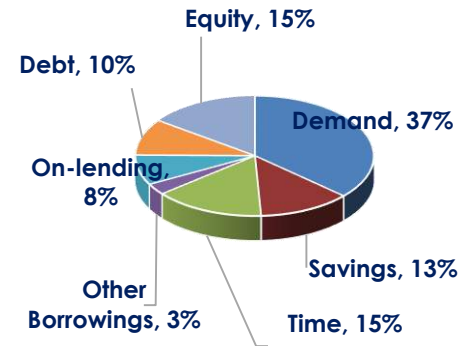


# Funding Base Analysis

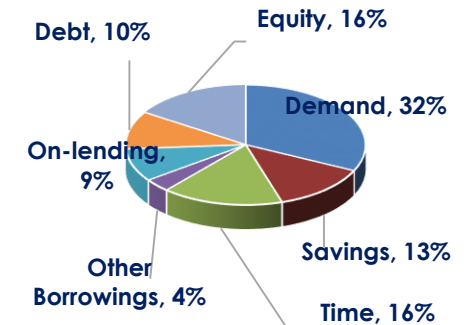


Key Highlights (N'm)	2016 FY	9M 2017	VAR	% VAR
Demand Deposits	453,461	405,063	(48,398)	-10.7%
Savings Deposits	155,019	163,788	8,769	5.7%
Tenor Deposits	184,491	205,531	21,040	11.4%
Other Borrowings	37,219	44,870	7,651	20.6%
On-Lending	99,991	112,251	12,260	12.3%
Debt Securities	121,816	128,927	7,111	5.8%
Equity	185,402	200,600	15,198	8.2%
<b>Total</b>	<b>1,237,399</b>	<b>1,261,029</b>	<b>23,630</b>	<b>1.9%</b>

Funding Structure: 2016 FY

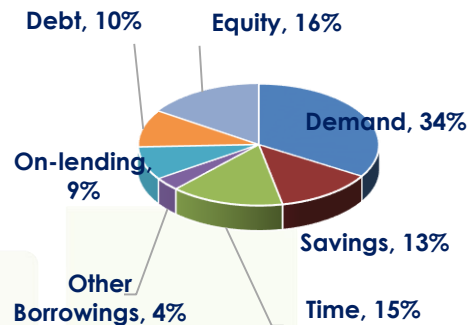


Funding Structure: 9M 2017

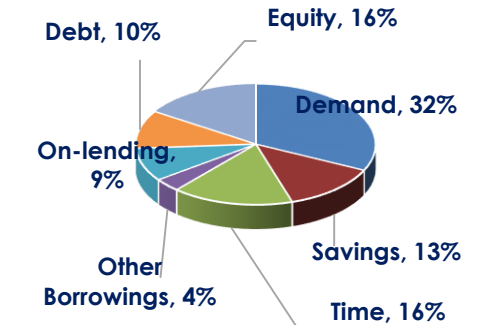


Key Highlights (N'm)	2016 FY	Q1 2017	Q2 2017	Q3 2017
Demand Deposits	453,461	458,691	413,619	405,063
Savings Deposits	155,019	163,747	161,101	163,788
Time Deposits	184,491	177,810	186,349	205,531
Other Borrowings	37,219	44,196	43,500	44,870
On-Lending	99,991	100,671	108,103	112,251
Debt Securities	121,816	120,736	122,258	128,927
Equity	185,402	189,214	192,339	200,600
<b>Total</b>	<b>1,237,399</b>	<b>1,255,064</b>	<b>1,227,268</b>	<b>1,261,029</b>

Funding Structure: Q2 2017



Funding Structure: Q3 2017



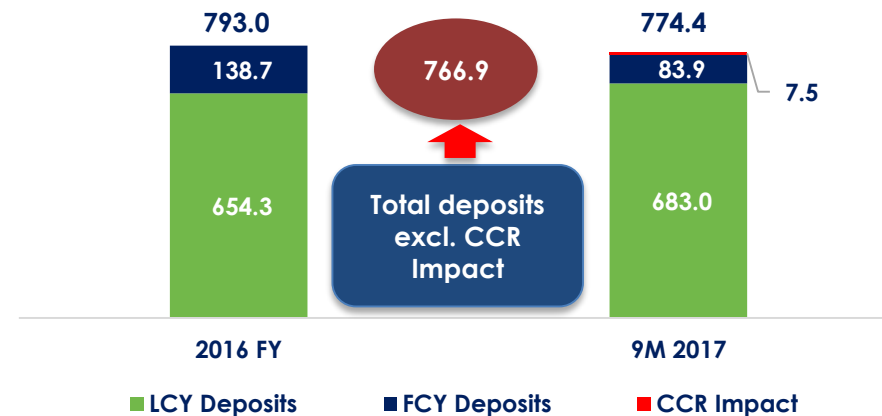
- Total deposits now represents 61.4% of total funding base (2016FY: 64.1%) and 73.0% of interest bearing liabilities.
- Drop in total deposits was particularly due to the full repayment of FCY TSA deposits of N53bn (\$175m)

# Deposits Analysis

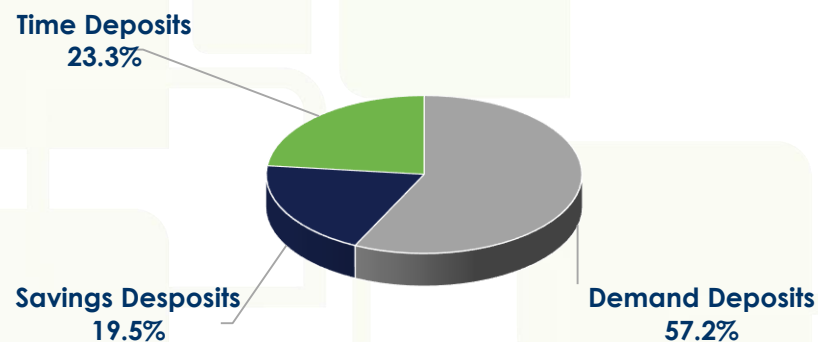


- ▶ Total deposits declined by 2.3% to N774.4 billion from N793.0 billion in 2016FY principally due to the pay-off of ALL our outstanding FCY TSA deposits of N53 billion.
- ▶ The change in currency conversion rate (CCR) resulted in a 0.9% (N7.5 billion) increase in total deposits.
- ▶ High yields on government fixed income securities have spiked funding costs and put deposit volumes under pressure.
- ▶ Low cost deposits now constitute 73.5% of total deposits from 76.7% in 2016FY.

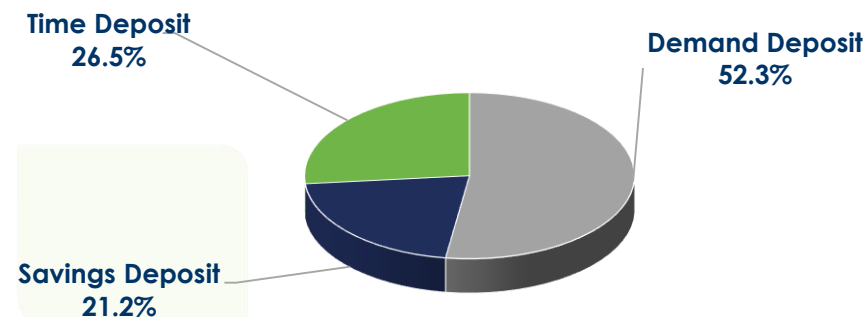
## Customer Deposits



## Customer Deposits by Type – 2016 FY



## Customer Deposits by Type – 9M 2017

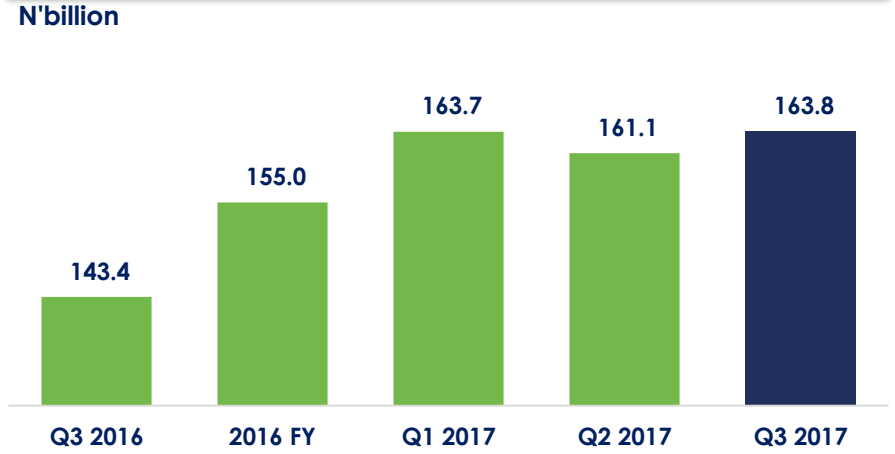


# Retail Banking Analysis (Personal Banking)

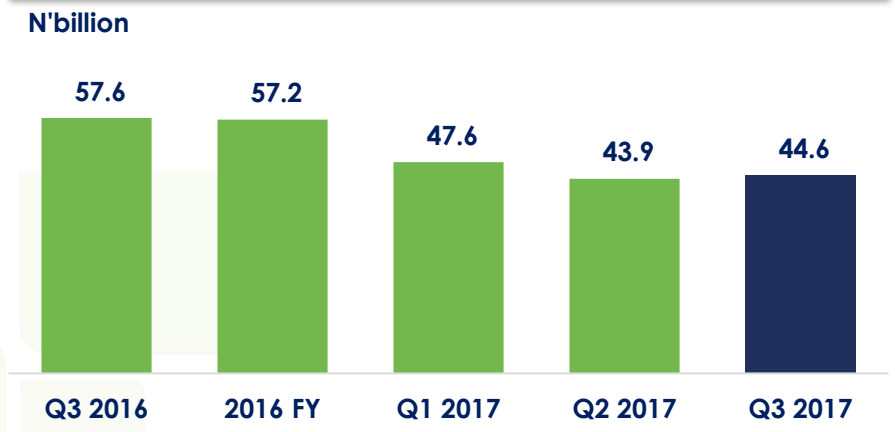


- ▶ Retail loan book has declined by 22% in 2017 (5.7% of Gross Loans) due to tightened underwriting standards for the segment in line with the challenging macro environment.
- ▶ Total savings deposits increased by 5.7% YTD to N163.8 billion, while it increased by 1.7% QoQ on the back of our various retail marketing initiatives.
- ▶ Retail low cost deposits increased by 4.0% YTD, 1.3% QoQ and the retail segment now accounts for 43% of total low cost deposits of the bank

## Savings Deposits Trend



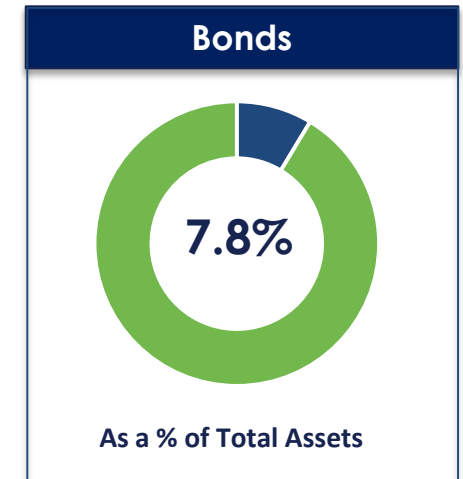
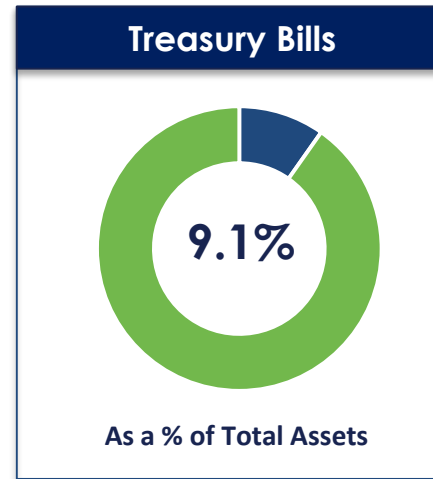
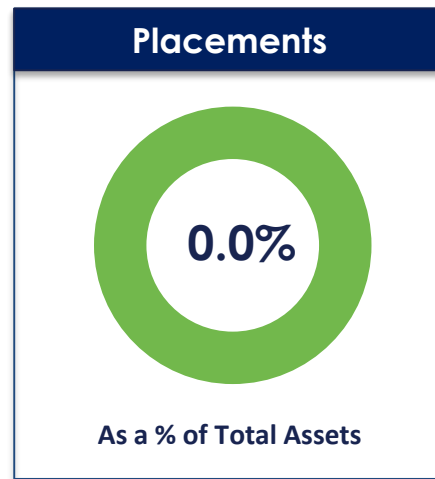
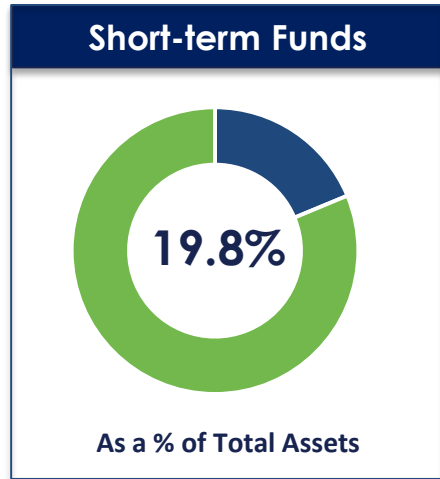
## Retail Assets Trend



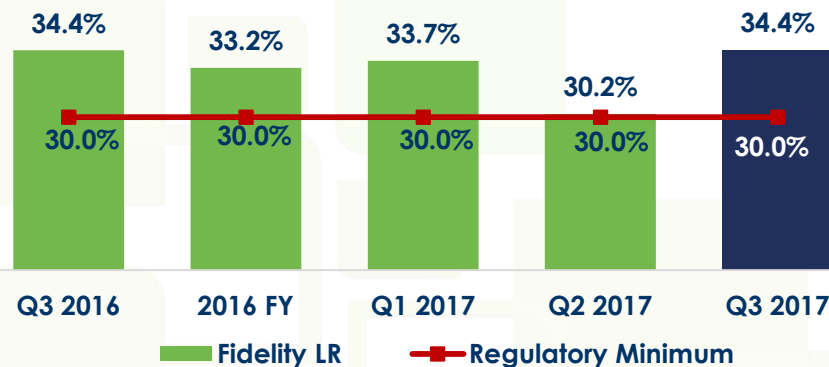
## Retail Low Cost Deposits



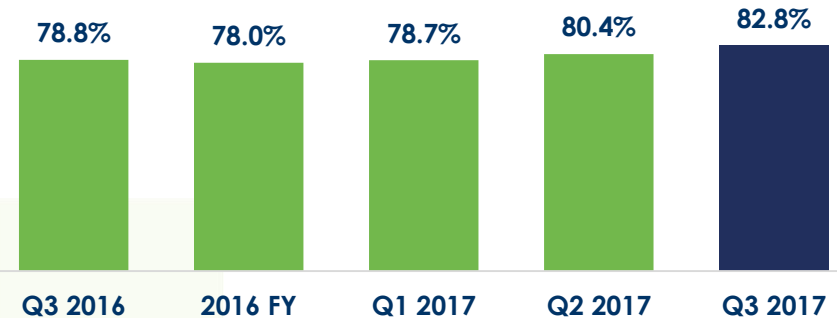
# Liquid Assets Position



## Liquidity Ratio



## % Total Loans to Customer Deposits



- Loan book is funded by deposits, long term borrowings, CBN Intervention funds and debt securities.
- LDR 82.8% has ONLY factored in CBN bailout funds to states which excludes other intervention funds.
- Loans to interest bearing liabilities stood at 71.1% from 68.3% in 2016FY.



# Loan Portfolio Analysis



## Breakdown of Loans & Advances to Customers: 2016 FY Vs. 9M 2017

N'million	2016 FY	9M 2017	VAR	% VAR
Communication	43,566	40,953	-2,613	- 6.0%
Oil and Gas	188,217	212,551	24,334	12.9%
- <b>Upstream</b>	<b>136,161</b>	<b>145,801</b>	<b>9,640</b>	<b>7.1%</b>
- <b>Downstream</b>	<b>18,591</b>	<b>27,482</b>	<b>8,891</b>	<b>47.8%</b>
- <b>Services</b>	<b>33,464</b>	<b>39,268</b>	<b>5,803</b>	<b>17.3%</b>
Power	87,845	98,925	11,080	12.6%
Manufacturing	75,006	80,972	5,965	8.0%
General Commerce	45,378	55,063	9,685	21.3%
Transport	72,830	65,828	-7,002	- 9.6%
Consumer (Individuals)	57,214	44,640	-12,574	- 22.0%
Government	101,007	106,385	5,378	5.3%
Construction	22,873	27,142	4,269	18.7%
Agriculture	9,740	11,272	1,532	15.7%
Real Estate	23,000	24,595	1,595	6.9%
Education	3,474	3,899	425	12.2%
Finance and Insurance	6,310	6,374	63	1.0%
Others	6,661	6,845	184	2.8%
<b>Total</b>	<b>743,120</b>	<b>785,443</b>	<b>42,323</b>	<b>5.7%</b>

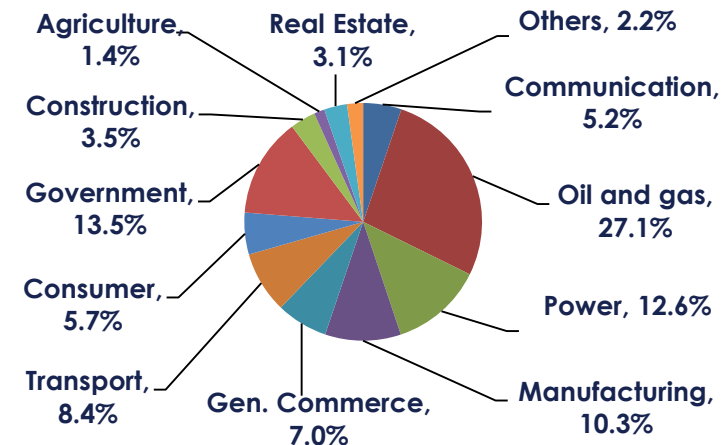
# Loan Portfolio Analysis



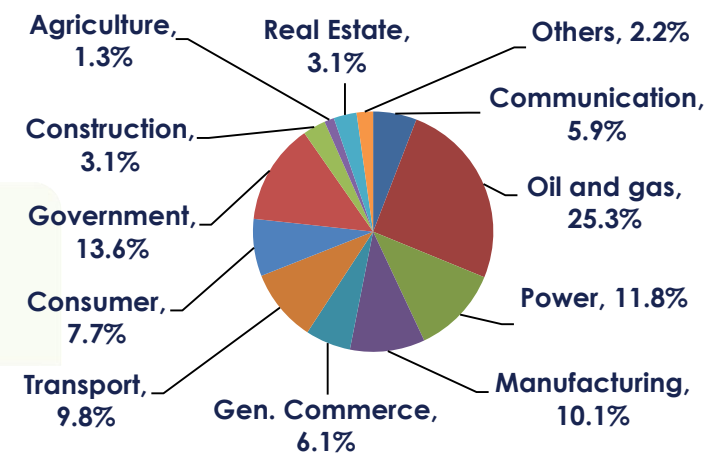
## Breakdown of Loans & Advances to Customers

N'million	2016FY	Q1 2017	Q2 2017	Q3 2017
Communication	43,566	43,881	39,934	40,953
Oil and Gas	188,217	206,402	199,839	212,551
- <b>Upstream</b>	<b>136,161</b>	<b>135,143</b>	<b>135,048</b>	<b>145,801</b>
- <b>Downstream</b>	<b>18,591</b>	<b>35,551</b>	<b>26,221</b>	<b>27,482</b>
- <b>Services</b>	<b>33,464</b>	<b>35,708</b>	<b>38,570</b>	<b>39,268</b>
Power	87,845	87,784	91,923	98,925
Manufacturing	75,006	79,105	74,714	80,972
Gen. Commerce	45,378	46,015	48,657	55,063
Transport	72,830	68,739	68,339	65,828
Consumer	57,214	47,648	43,908	44,640
Government	101,007	102,783	105,795	106,385
Construction	22,873	24,088	26,065	27,142
Agriculture	9,740	10,831	10,611	11,272
Real Estate	23,000	20,766	23,252	24,595
Education	3,474	3,786	3,576	3,899
Fin. & Insurance	6,310	7,283	7,317	6,374
Others	6,661	6,805	5,365	6,845
<b>Total</b>	<b>743,120</b>	<b>755,917</b>	<b>749,295</b>	<b>785,443</b>

## Loan Analysis – 9M 2017



## Loan Analysis – 2016 FY

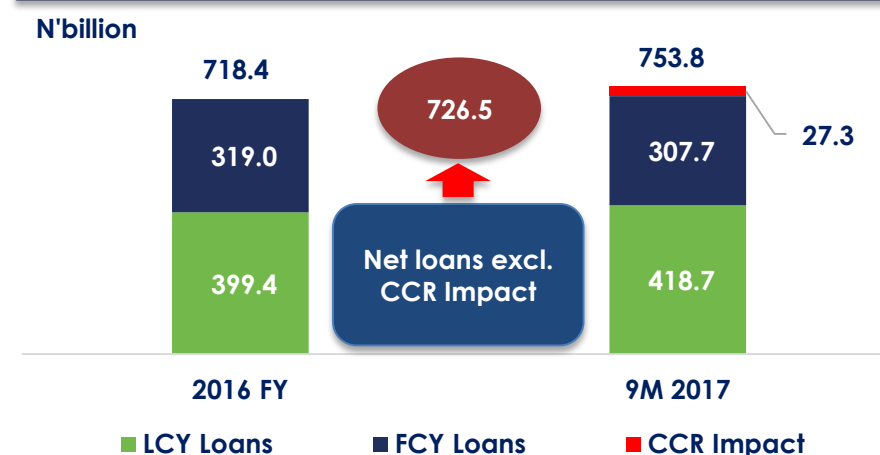


# Loan Book Analysis

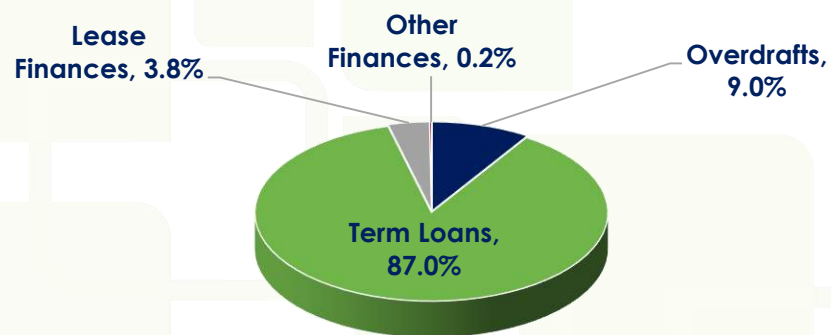


- ▶ Net loans and advances increased by 4.9% YoY (up from 4.7% QoQ) to N753.8 billion with the change in currency conversion rate (CCR) accounting for 3.8% (N27.3bn) of the growth in net loan.
- ▶ Excluding devaluation, actual loan growth was 1.1% YoY, while it increased by 0.9% QoQ as we remained cautious due to the weaker operating and macro-economic environment.
- ▶ FCY loans now constitute about 44.4% of loans from 41.3% in H1 2017 largely on account of the conversion rate.

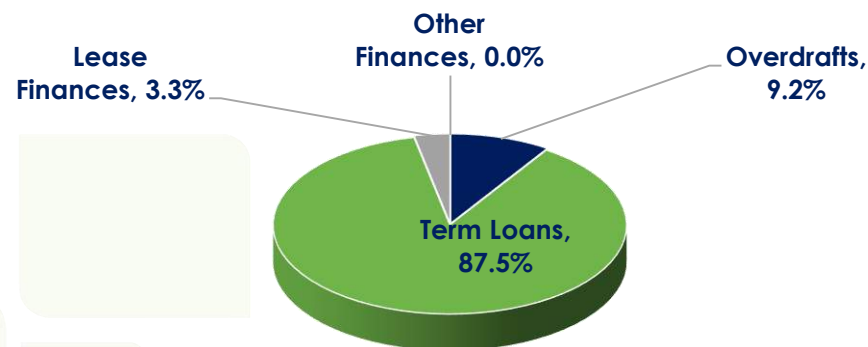
## Net Loans and Advances to Customers



## Total Loans by Type – 2016 FY



## Total Loans by Type – 9M 2017



# NPL Portfolio Analysis



## Breakdown of Non-performing Loans: 2016 FY Vs. 9M 2017

	2016 FY N'million	9M 2017 N'million	VAR N'million	% VAR %	2016 FY NPL Ratio	9M 2017 NPL Ratio
Communication	1,492	1,713	220	14.8%	3.4%	4.2%
Oil and gas	2,184	8,468	6,284	287.8%	1.2%	4.0%
- Oil & Gas Upstream	0	-	0	0.0%	0.0%	0.0%
- Oil & Gas Downstream	345	6,613	6,268	1817.6%	1.9%	24.1%
- Oil & Gas Services	1,839	1,855	16	0.9%	5.5%	4.7%
Power	158	2	-155	-98.5%	0.2%	0.0%
Manufacturing	10,161	9,869	-292	-2.9%	13.5%	12.2%
General Commerce	10,043	9,354	-689	-6.9%	22.1%	17.0%
Transport	14,868	8,532	-6,337	-42.6%	20.4%	13.0%
Consumer (Individuals)	4,826	3,637	-1,189	-24.6%	8.4%	8.1%
Government	50	25	-25	-50.0%	0.0%	0.0%
Construction	629	847	218	34.6%	2.7%	3.1%
Agriculture	926	790	-135	-14.6%	9.5%	7.0%
Real Estate	1,509	706	-803	-53.2%	6.6%	2.9%
Education	594	665	71	11.9%	17.1%	17.1%
Finance and Insurance	237	164	-73	-30.9%	3.8%	2.6%
Others	1,731	1,719	-12	-0.7%	26.0%	25.1%
<b>TOTAL</b>	<b>49,406</b>	<b>46,490</b>	<b>-2,916</b>	<b>-5.9%</b>	<b>6.6%</b>	<b>5.9%</b>

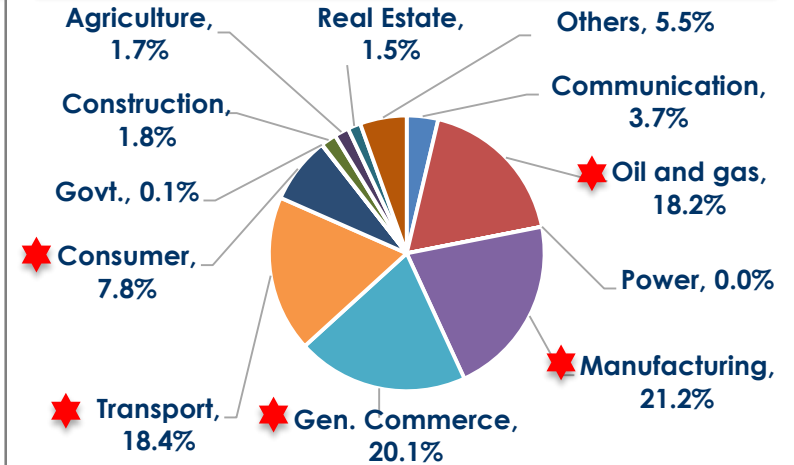
# NPL Portfolio Analysis



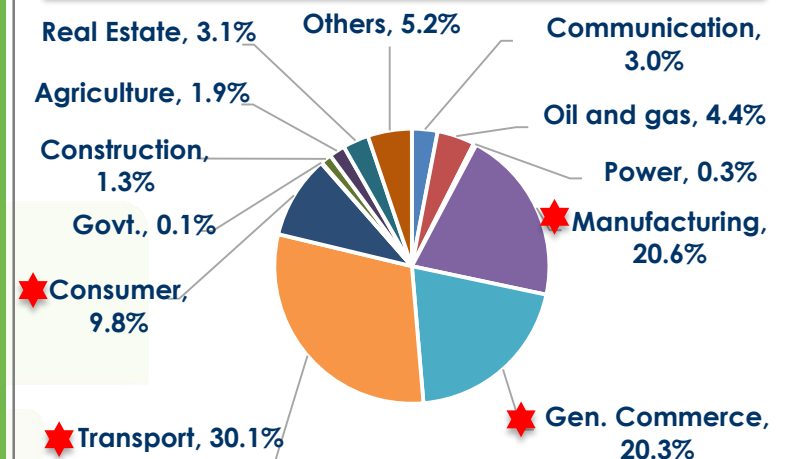
## Breakdown of Non-performing Loans

N'million	2016FY	Q1 2017	Q2 2017	Q3 2017
Communication	1,492	1,450	1,415	1,713
Oil and Gas	2,184	2,184	2,171	8,468
- <b>Upstream</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
- <b>Downstream</b>	<b>345</b>	<b>359</b>	<b>414</b>	<b>6,613</b>
- <b>Services</b>	<b>1,839</b>	<b>1,825</b>	<b>1,756</b>	<b>1,855</b>
Power	158	5	2	2
Manufacturing	10,161	10,061	9,844	9,869
Gen. Commerce	10,043	9,064	7,934	9,354
Transport	14,868	14,056	13,325	8,532
Consumer	4,826	4,010	3,794	3,637
Government	50	42	28	25
Construction	629	778	591	847
Agriculture	926	813	788	790
Real Estate	1,509	1,123	1,072	706
Education	594	480	516	665
Fin. & Insurance	237	207	212	164
Others	1,731	1,626	1,662	1,719
<b>Total</b>	<b>49,406</b>	<b>45,897</b>	<b>43,355</b>	<b>46,490</b>

## NPL Analysis – 9M 2017



## NPL Analysis – 2016 FY



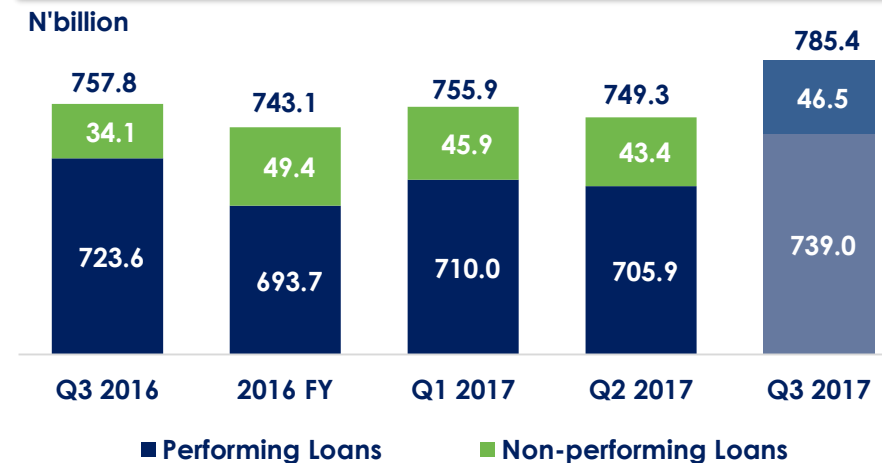
★ = NPL pressure points

# NPL Analysis

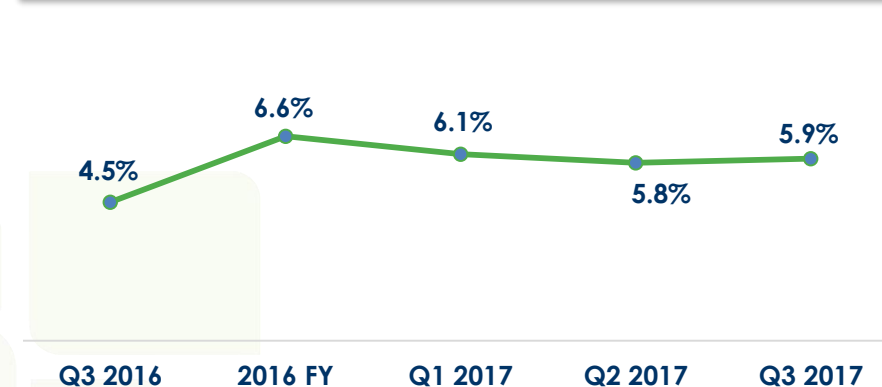


- ▶ NPL ratio improved to 5.9% from 6.6% in 2016FY due to a combination of 5.9% (N2.9 billion) drop in absolute NPL figure and 5.9% (N42.3 billion) increase in total loan book.
- ▶ Coverage ratio increased to 97.3% from 83.0% 2016FY due to improved absolute NPL figure, however, cost of risk inched up marginally to 1.3% from 1.2%.
- ▶ Specific pressure points still exist in select sectors e.g. Transport, Manufacturing, General Commerce and Oil & Gas downstream; we will continue to focus on increasing collections and recoveries across the NPL book.

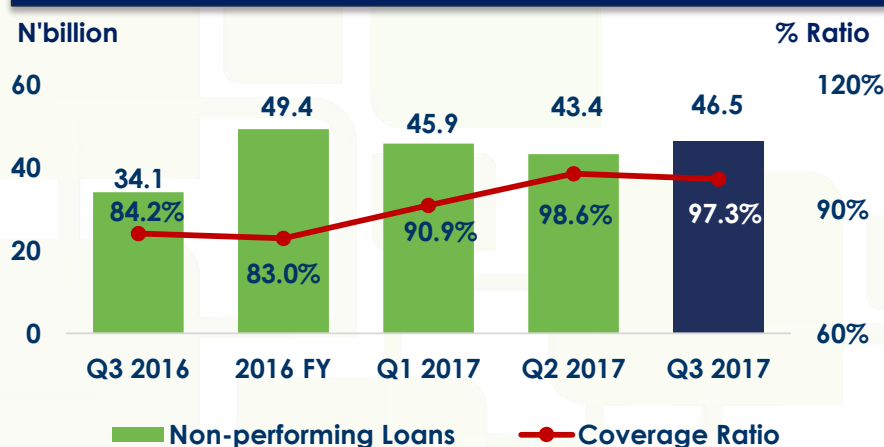
## Gross Loans and Advances



## Non-performing Loans



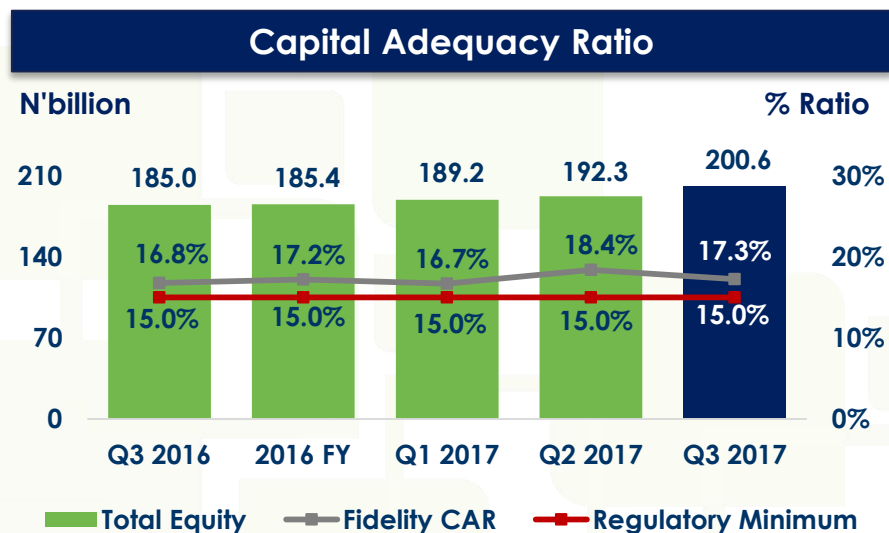
## NPL Coverage Ratio



# Capital Adequacy



- ▶ Fidelity CAR improved to 17.3% in 9M 2017 from 17.2% in 2016FY, which puts it well above the regulatory minimum requirement of 15.0%.
- ▶ The single obligor charge is now N16.0 billion largely due to the impact of the currency conversion rate (CCR) to N333/\$. Excluding the capital charge, CAR would have been 18.8% as at the end of September 2017.
- ▶ Fidelity Bank Tier II Capital includes only the N30.0 billion subordinated unsecured 7-year local debt and eligible reserves.



Capital Adequacy Ratio Computation – Basel II			
N'billion	2016 FY	9M 2017	VAR
Tier 1 Capital	166.1	173.7	7.6
<b>Regulatory Adjustment</b>	<b>(19.02)</b>	<b>(15.98)</b>	<b>3.0</b>
<b>Adjusted Tier 1 Capital</b>	<b>147.1</b>	<b>157.7</b>	10.6
Tier 2 Capital	49.0	28.2	-20.8
<b>Total Qualified Capital</b>	<b>196.1</b>	<b>186.0</b>	<b>-10.1</b>
Credit Risk	914.8	839.7	-75.1
Market Risk	62.5	73.7	11.2
Operational Risk	160.9	160.9	0.0
<b>Risk Weighted Assets</b>	<b>1,138.3</b>	<b>1,074.4</b>	<b>-63.9</b>
<b>Capital Adequacy Ratio</b>			
Tier 1	12.9%	14.7%	
Tier 2	4.3%	2.6%	
<b>Overall CAR</b>	<b>17.2%</b>	<b>17.3%</b>	

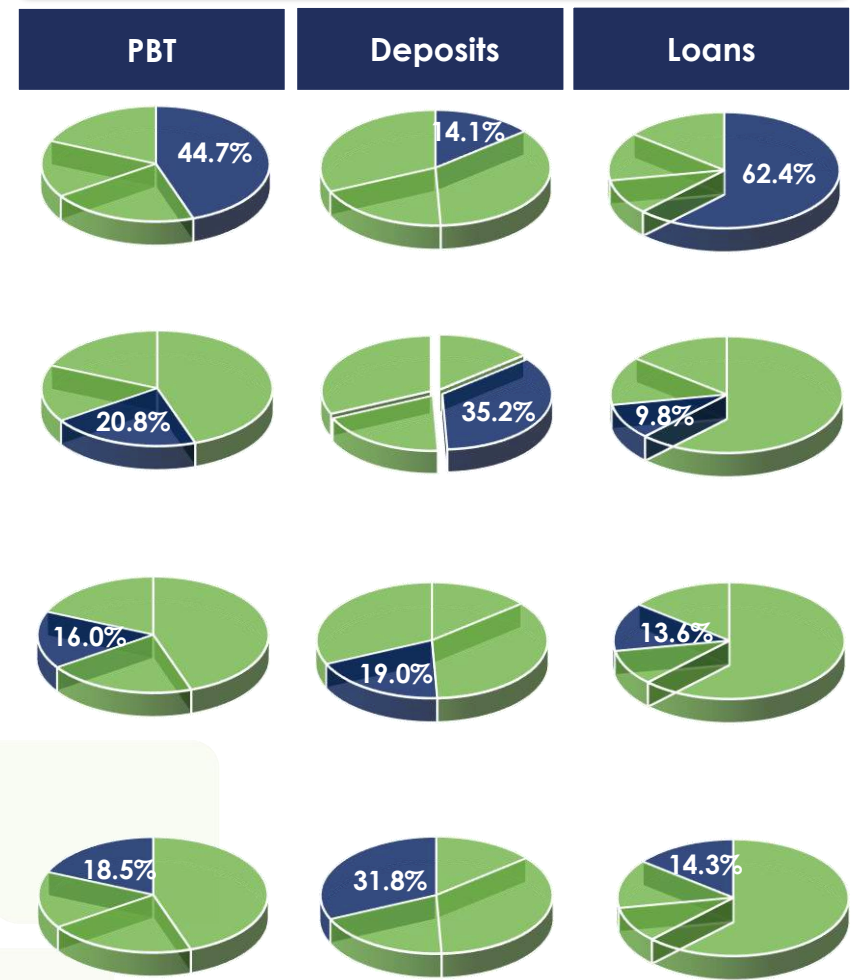


# Strategic Business Units Analysis



	Business Description
<b>Corporate &amp; Investment Banking</b>	<ul style="list-style-type: none"> <li>➤ Handles the bank's institutional clients with turnover in excess of ₦10.0bn.</li> <li>➤ Key focus sectors include:                             <ul style="list-style-type: none"> <li>❑ Oil &amp; gas upstream      ❑ Oil &amp; gas downstream</li> <li>❑ Power &amp; infrastructure      ❑ Telecommunication</li> <li>❑ FMCG      ❑ Construction &amp; real est.</li> <li>❑ Agriculture      ❑ Transport &amp; shipping</li> </ul> </li> </ul>
<b>Lagos &amp; SW Bank</b>	<ul style="list-style-type: none"> <li>➤ Handles retail, commercial, SME customers, and clients not matching the corporate banking criteria etc.</li> <li>➤ Drives retail deposits, lending, payroll and e-products etc.</li> <li>➤ Operates at 97 locations</li> </ul>
<b>North Bank</b>	<ul style="list-style-type: none"> <li>➤ Handles retail, commercial, SME customers, and clients not matching the corporate banking criteria etc.</li> <li>➤ Drives retail deposits, lending, payroll and e-products etc.</li> <li>➤ Operates at 56 locations including FCT.</li> </ul>
<b>South Bank</b>	<ul style="list-style-type: none"> <li>➤ Handles retail, commercial, SME customers, and clients not matching the corporate banking criteria etc.</li> <li>➤ Drives retail deposits, lending, payroll and e-products etc.</li> <li>➤ Operates at 87 locations</li> </ul>

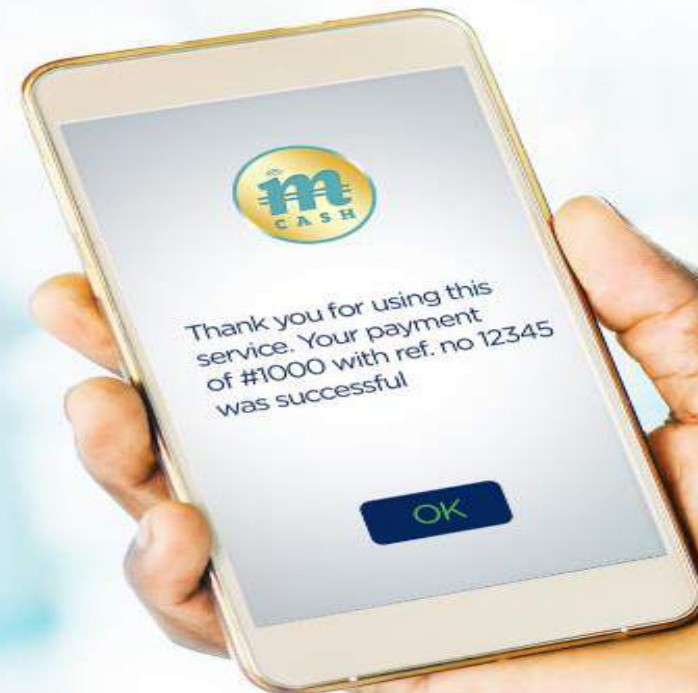
## Location Based Analysis



## Make Payment Easier And Faster At Your Convenience

**Make Swift payment from your phone with mCash**

- Dial \*770\*amount\*merchantcode#
- Confirm merchant name
- Authenticate transactions using their Instant Banking PIN



# 9M 2017 Actual Vs 2017FY Guidance



GROWTH EXPECTATIONS ON KEY INDICATORS				
S/N	Index	9M 2017 Actual	2017FY Target	Comment
1	Net Interest Margin	7.4%	6.5% -7.0%	On Track
2	Tax Rate	11.0%	15% to 20%	On Track
3	Loan Growth (YTD)	4.9%	7.5%	On Track
4	Deposit Growth (YTD)	-2.3%	10.0% - R to 0%	Target Revised
5	Cost - Income Ratio	66.8%	70% Band	On Track
6	Proposed Dividends	N/A	30-50% (of PAT) band	N/A
7	NPL Ratio	5.9%	Below 5% R to < 6.0%	Target Revised
8	Cost of Risk	1.3%	1.0% - R to 1.25%	Target Revised
9	ROE – Post Tax	9.6%	10%	On Track

# Thank You

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