

Fidelity Bank Investor Presentation

Unaudited Financial Results for the 3 months ended

March 31, 2018



1. Overview of Fidelity Bank

2. The Operating Environment

3. Financial Highlights

4. Financial Review

5. Q1 2018 Actual Vs. 2018FY Guidance

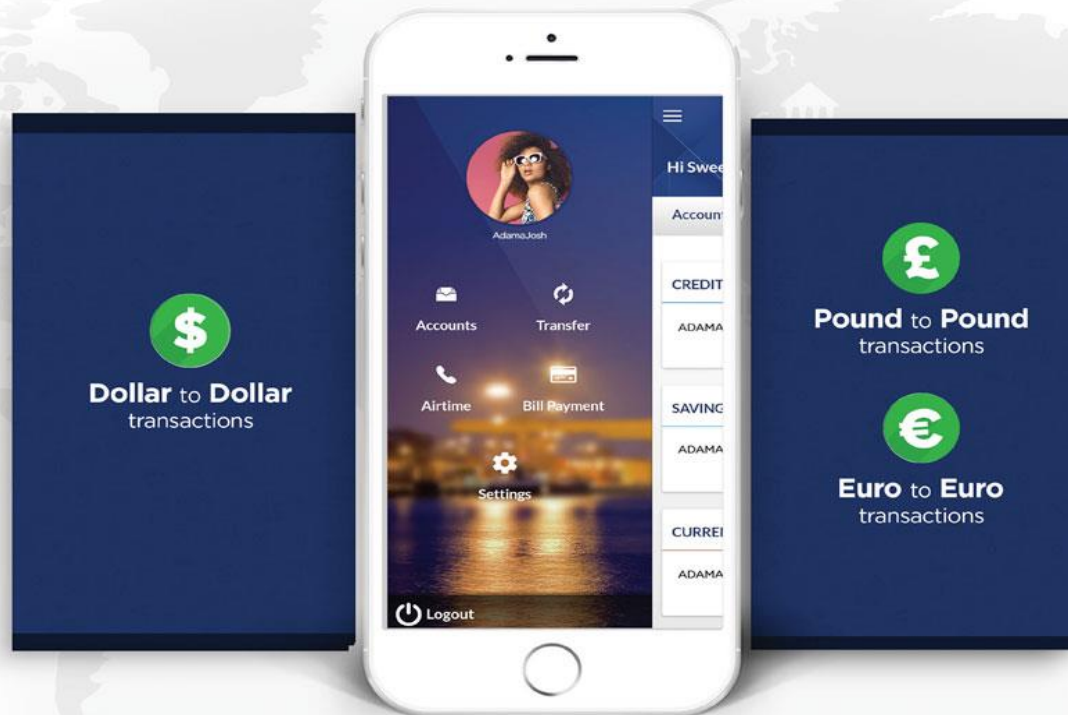
1. Overview of Fidelity Bank



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We Are Fidelity, We Keep Our Word.

Overview of Fidelity Bank



Background

- ▶ A full service bank with International Authorisation established in 1987 and licensed by the Central Bank of Nigeria (CBN).
- ▶ The Bank currently has over 400,000 diverse local and international shareholders.
- ▶ A well capitalised bank with Shareholders Funds of N180 billion and CAR of 16.0%.
- ▶ Our customer touch-points include Business offices, Contact Centre, Mobile, Internet, POS and ATMs.
- ▶ Strategic focus is on niche corporate banking sectors, commercial, the SMEs and retail banking driven by electronic banking products and channels.

Distribution Network

Business Offices		Active Digital Channels	
Lagos	85	ATMs	778
South West	12	POS	4,360
South South	44		
South East	43		
North West	15		
North East	8		
North Central	11		
FCT Abuja	22		
		Digital Penetration	
		Debit Cards	1,975,102
		Mobile Banking	1,125,992
		Internet Banking	376,169

Key Highlight

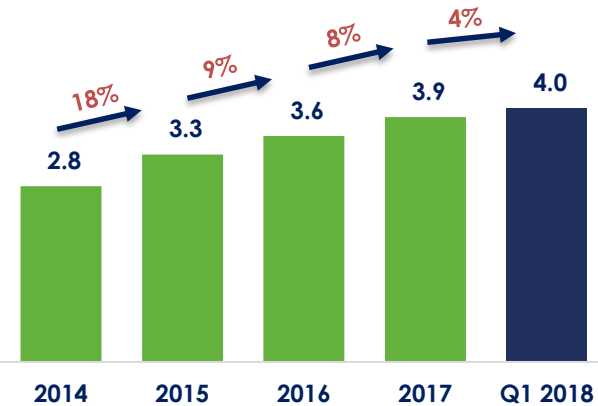
Total Assets	N1,479.7 billion
Total Equity	N179.7 billion
Business Offices	240
No of Accounts	4.0 million
Professional Staff	3,106
Consumer Sales Agents	888
Ratings	B-/B- (S&P)/Fitch
Auditors	Ernst & Young / PKF

Overview of Fidelity Bank

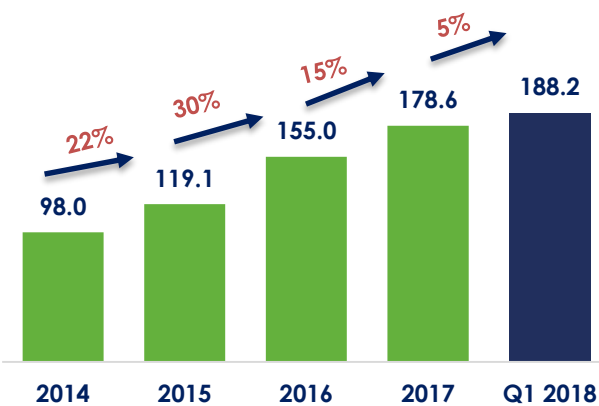


Retail & Digital Banking Evolution & Progress Report

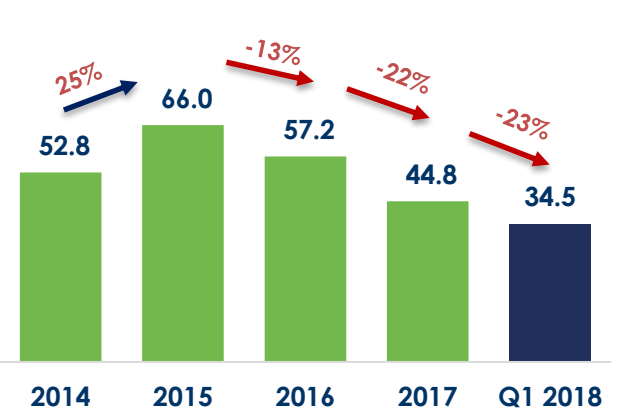
Number of Customer Accounts (#'m)



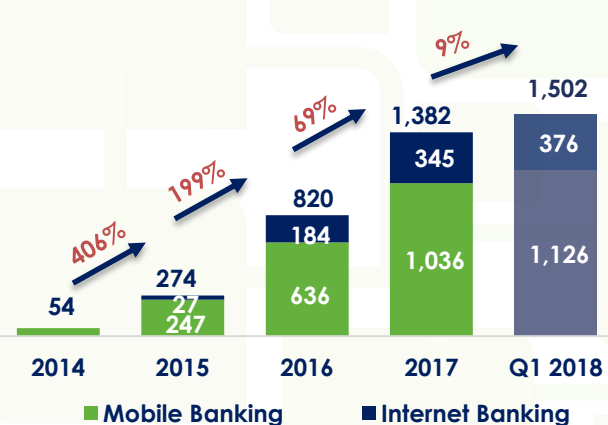
Savings deposits (N'bn)



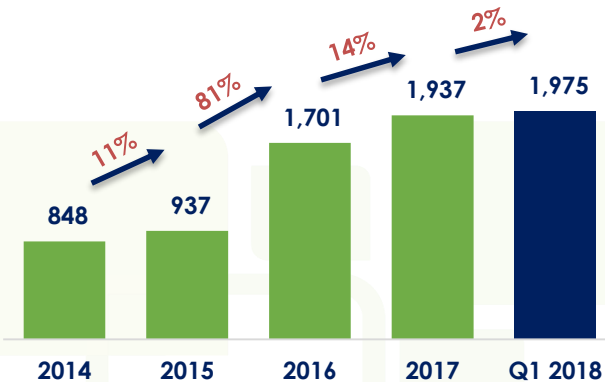
Retail Risk Assets (N'bn)



Mobile/Internet Banking Cust. (#'000)



Number of Debit Cardholders (#'000)



Commentary

- ▶ Savings deposits on track for the 5th consecutive year of double digit growth.
- ▶ Debit card penetration is about 50% and 37% of customers now self enrolled on mobile/internet banking products.
- ▶ About 79% of customers transactions are now done on electronic channels with a target to exceed 80% in the 2018FY.
- ▶ Cash holding has declined by over 30% in the last 15 months on increased digital traction.

2. Operating Environment



You Don't Need A Token



Wow!
Who Needs
A **Token?**

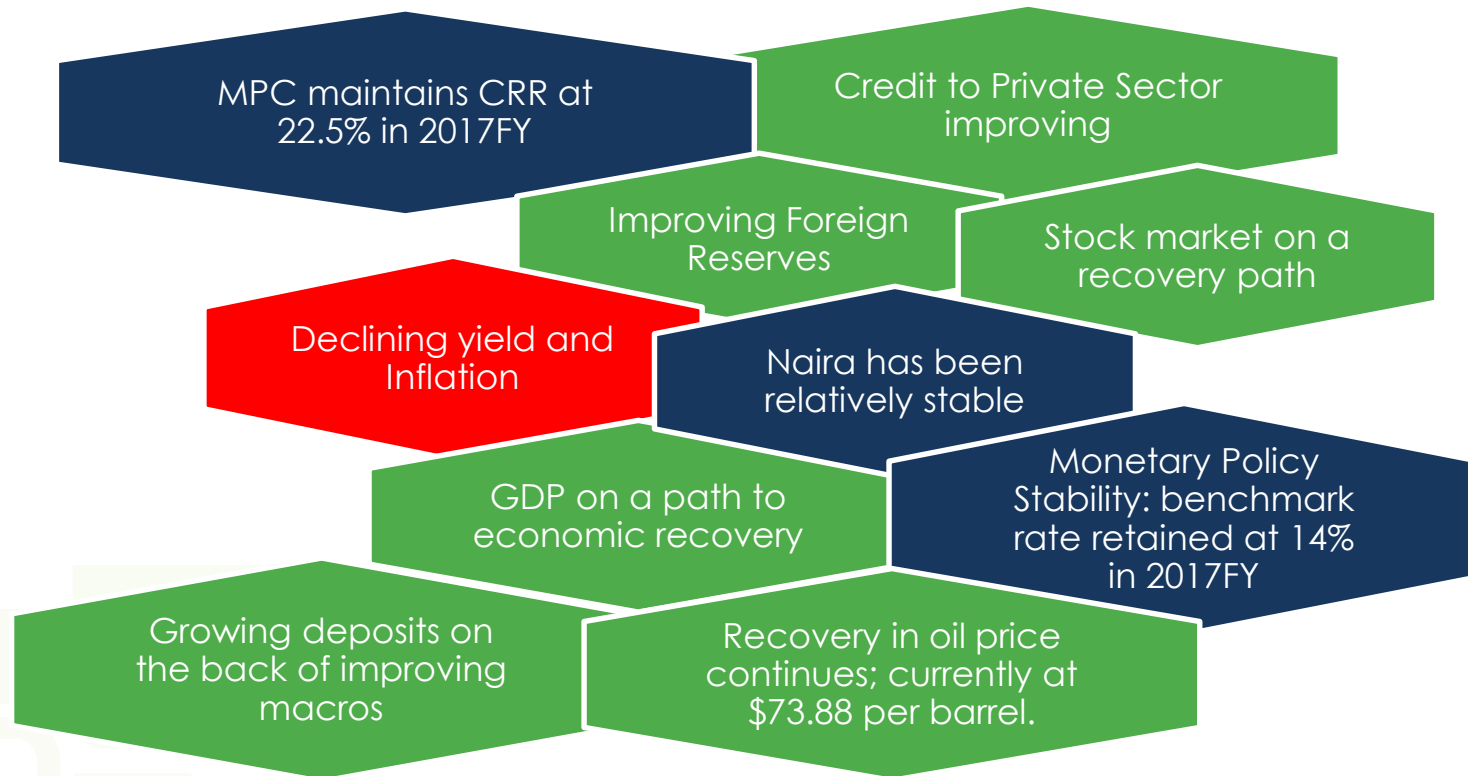
**For Transactions Up To N200,000.
Just Dial *770# To Get Started.
It's That Easy!**

You also don't need data
to use this service



✔ Transfer Money ✔ Pay Bills ✔ Buy Airtime ✔ Dial4Cash & Lots More

The Operating Environment



Stable-	
Improving-	
Declining-	

3. Financial Highlights



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merchant.fidelitybank.ng

Pay By Link

Performance Highlights



Revenue and Efficiency Ratio

- ❑ Total Interest Income up by 6.2% to N38.5 billion in Q1 2018 (Q1 2017: N36.2 billion)
- ❑ Operating Expenses up by 5.2% to N15.1 billion in Q1 2018 (Q1 2017: N14.4 billion)
- ❑ Cost-income Ratio inched up to 72.7% in Q1 2018 from 72.0% in Q1 2017
- ❑ PBT up by 2.7% to N5.0 billion in Q1 2018 (PAT came in at N4.6 billion)

Asset Quality

- ❑ Cost of Risk down to 0.4% in Q1 2018, compared to 1.5% in 2017FY
- ❑ NPL Ratio down by 6.3% in Q1 2018 from 6.4% in 2017FY
- ❑ Coverage Ratio improved to 111.7% in Q1 2018 from 109.4% in 2017FY
- ❑ FCY Loans accounted for 46.3% of Net Loans from 46.0% in 2017FY

Capital Adequacy and Liquidity

- ❑ Capital Adequacy Ratio of 16.0%, based on Basel II computation
- ❑ Liquidity Ratio of 36.0% compared to regulatory minimum of 30.0%
- ❑ Loans to interest bearing liabilities stood at 62.7% in Q1 2018 from 69.8% (2017FY)
- ❑ Total Equity at N179.7 billion compared to N203.3 billion in 2017FY

Financial Highlights



- ❑ PBT increased by 2.7% YoY to N5.0 billion, driven by 6.2% (N2.2 billion) growth in total interest income and 12.6% (N0.4 billion) in fee income.
- ❑ Operating income increased by 4.2% YoY while operating expenses increased by 5.2% YoY driven by increased technology and regulatory charges (NDIC/AMCON) which led to increased cost – income ratio of 72.7% from 72.0% in Q1 2017 (2017FY: 67.5%).
- ❑ NIM declined to 6.7% from 7.3% in 2017FY on account of increased average funding cost especially borrowed funds and a drop in yields on earning assets due to declining yields on fixed income securities.
- ❑ Total deposits grew by 10.8% YTD (N84.1bn) to N859.4 billion from N775.3 billion in December 2017. Low cost deposits now account for 74.5% of total deposits.
- ❑ Savings deposits grew by 5.4% YTD from December 2017 as we continued to deepen our retail banking strategy driven by electronic products and channels.
- ❑ Risk assets declined by 3.9% YTD to N738.7 billion from N768.7 billion in December 2017 due to increased provisioning under IFRS 9, though there was also a marginal decline of 0.1% in the gross loan book.
- ❑ Key regulatory ratios remain well above the minimum requirements as at March 31, 2018: CAR and Liquidity Ratio stood at 16.0% and 36.0% respectively.

Financial Highlights



Summary of Income Statement: YoY Change				
N'million	Q1 2017	Q1 2018	VAR	% VAR
Gross Earnings	40,842	43,680	2,838	6.9%
Interest Income Loans	26,790	28,345	1,555	5.8%
Interest Income Liquid Assets	9,440	10,121	681	7.2%
Total Interest Income	36,230	38,466	2,236	6.2%
Interest Expense Customer Deposits	(15,900)	(15,911)	(11)	0.1%
Interest Expense Borrowings	(3,773)	(5,588)	(1,815)	48.1%
Total Interest Expense	(19,673)	(21,499)	(1,826)	9.3%
Net Interest Income	16,557	16,967	410	2.5%
FX Income	323	696	373	115.3%
E-banking Income	2,061	1,600	(461)	-22.4%
Other Fee Income (Net)	1,024	1,541	517	50.5%
Net Fee Income	3,408	3,836	429	12.6%
Operating Income	19,965	20,803	839	4.2%
Total Expenses	(14,365)	(15,119)	(754)	5.2%
Net Impairment Losses	(750)	(702)	48	-6.4%
Profit Before Tax	4,849	4,982	133	2.7%

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	2017FY	Q1 2018	VAR	% VAR
Total Assets	1,379,214	1,479,665	100,451	7.3%
Earning Assets	977,076	1,027,853	50,777	5.2%
Bank Placements	8,475	44,125	35,650	420.6%
Treasury Bills	90,223	142,129	51,906	57.5%
Bonds	109,641	102,872	(6,769)	-6.2%
Customer Loans (Naira)	414,948	396,926	(18,022)	-4.34%
Customer Loans (FCY)	353,789	341,802	(11,987)	-3.39%
Non-Earning Assets	402,138	451,812	49,674	12.4%
Cash	27,534	23,537	(3,997)	-14.5%
Cash Reserve	181,017	200,904	19,887	11.0%
Bal. with other Banks/Settlement Acct	104,886	138,874	33,988	154.0%
Fixed Assets	38,504	36,584	(1,920)	-5.0%
All Other Assets	50,197	51,914	1,717	3.4%
Interest Bearing Liabilities	1,100,803	1,179,007	78,204	7.1%
Demand	418,472	452,429	33,957	8.1%
Savings	178,570	188,215	9,645	5.4%
Time Deposits	178,234	218,713	40,479	22.7%
Other Borrowings	35,529	28,496	(7,033)	-19.8%
On-lending Facilities	112,294	117,081	4,787	4.3%
Debt Securities	177,704	174,073	(3,631)	-2.0%
All Other Liabilities	75,096	120,995	45,899	61.1%
Equity	203,315	179,662	(23,653)	-11.6%

4. Financial Review – SCI

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

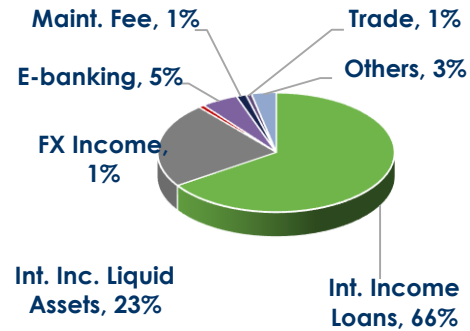


Gross Earnings Analysis

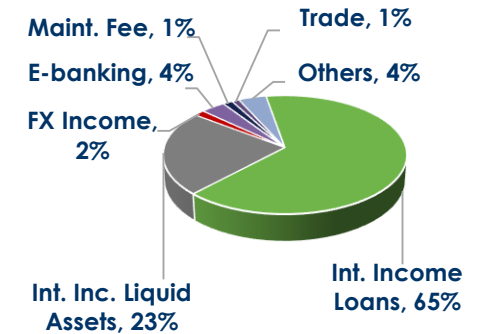


Key Highlights (N'm)	Q1 2017	Q1 2018	VAR	% VAR
Total Earnings	40,842	43,680	2,838	6.9%
Interest Income Loans	26,790	28,345	1,555	5.8%
Int. Income Liquid Assets	9,440	10,121	681	7.2%
FX Income	323	696	373	115.3%
E-banking Income	2,061	1,600	(461)	-22.4%
A/C Maintenance fee	542	637	95	17.5%
Trade Income	313	480	167	53.1%
Other Income	1,373	1,802	429	31.3%

Total Earnings: Q1 2017

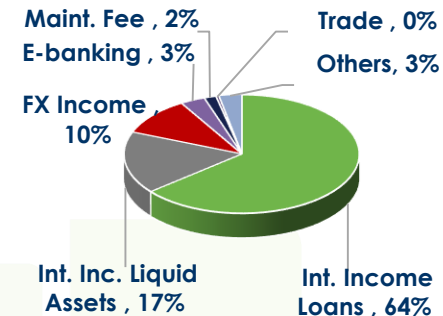


Total Earnings: Q1 2018

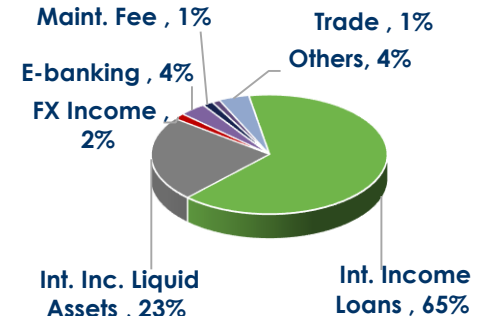


Key Highlights (N'm)	Q2 2017	Q3 2017	Q4 2017	Q1 2018
Total Earnings	44,979	44,265	49,811	43,680
Interest Income Loans	26,671	28,738	31,892	28,345
Int. Income Liquid Assets	9,952	8,776	8,483	10,121
FX Income	3,099	2,818	5,169	696
E-banking Income	1,536	1,475	1,690	1,600
A/C Maintenance fee	617	630	813	637
Trade Income	672	809	203	480
Other Income	2,432	1,018	1,561	1,802

Total Earnings: Q4 2017



Total Earnings: Q1 2018



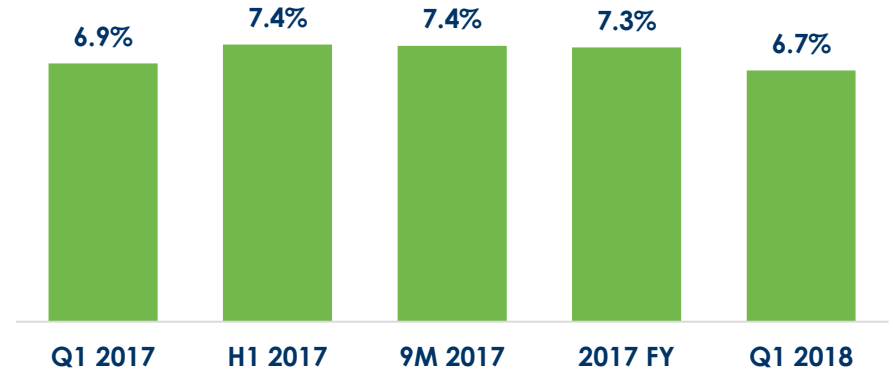
- Gross earnings up by 6.9% YoY largely due to double-digit growth in most non-interest income lines: FX income, account maintenance charge, and trade income.
- Total interest income increased by 6.2% YoY as total earning assets inched up by 5.4% YoY to N1,027.9bn from N974.8bn.

Net Interest Margin Analysis

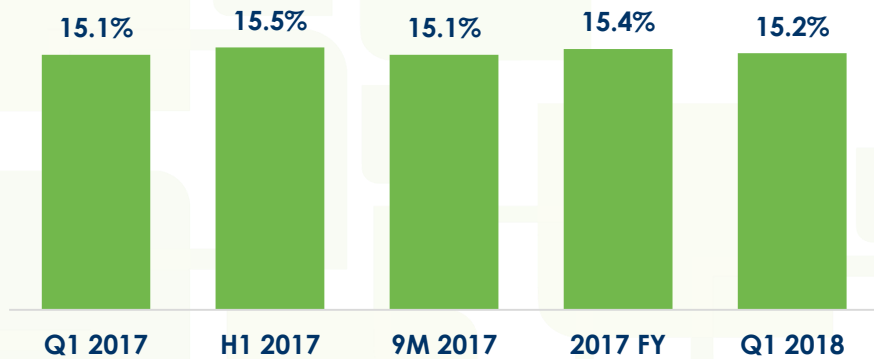


- ▶ NIM dropped to 6.7% in Q1 2018 from 7.3% in 2017FY (Q1 2017: 6.9%) due to a combination of increased funding cost and a decline in yields on earning assets.
- ▶ Average funding cost inched up to 7.4% as we grew the deposit book in preparation for increased lending activities in the subsequent quarters.
- ▶ Drop in yields on liquid assets and loans led to the decline in average yields on earnings assets.
- ▶ We expect margins to decline further in 2018FY as yields on fixed income securities trend downwards.

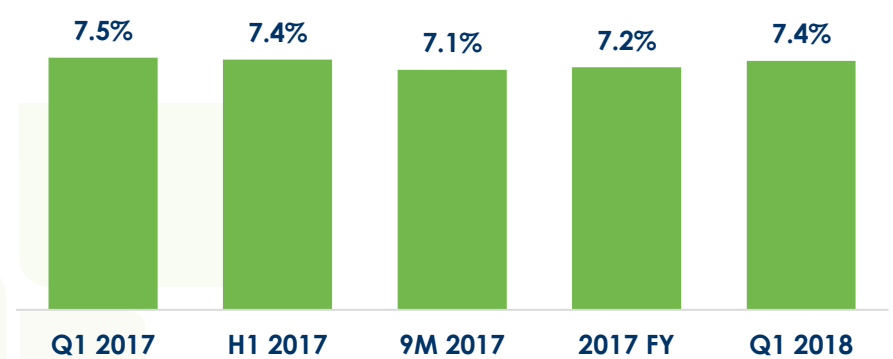
NIM Trend



Yield on Earning Assets



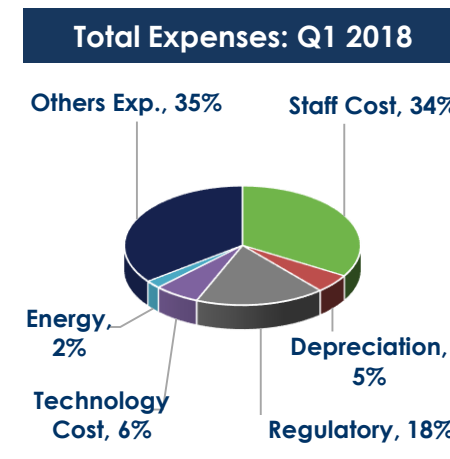
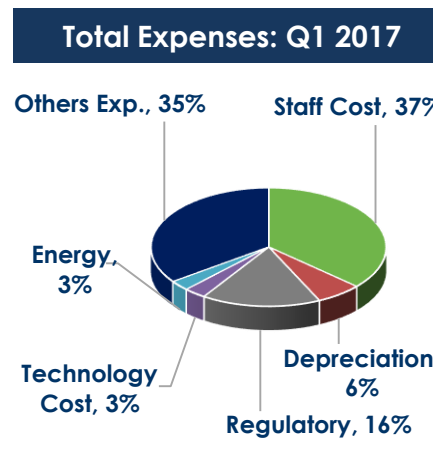
Funding Cost



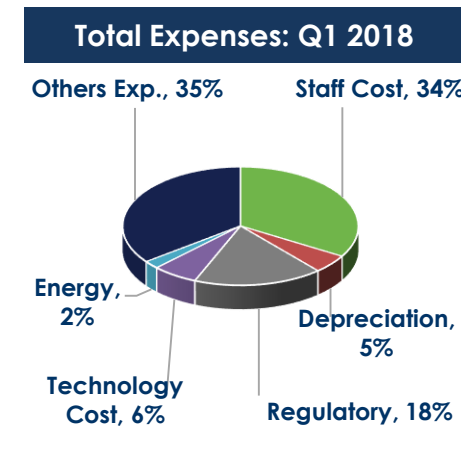
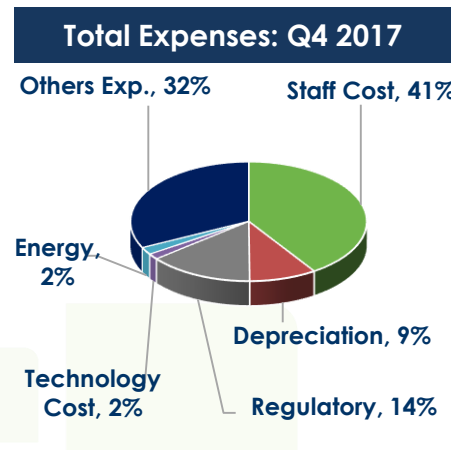
Total Expense Analysis



Key Highlights (N'm)	Q1 2017	Q1 2018	VAR	% VAR
Total Expenses	14,365	15,119	754	5.2%
Staff Cost	5,256	5,072	-184	-3.5%
Depreciation	910	769	-141	-15.5%
NDIC/AMCON Cost	2,345	2,673	328	14.0%
Technology Cost	439	944	505	115.0%
Energy Cost	398	325	-72	-18.2%
Security	310	306	-4	-1.3%
Branding & Advert	1,928	1,350	-578	-30.0%
Other Expenses	2,779	3,680	900	32.4%



Key Highlights (N'm)	Q4 2017	Q1 2018	VAR	% VAR
Total Expenses	18,188	15,119	-3,070	-16.9%
Staff Cost	7,396	5,072	-2,325	-31.4%
Depreciation	1,677	769	-908	-54.1%
NDIC/AMCON Cost	2,602	2,673	71	2.7%
Technology Cost	280	944	664	236.8%
Energy Cost	363	325	-37	-10.3%
Security	333	306	-27	-8.1%
Branding & Advert	1,601	1,350	-251	-15.7%
Other Expenses	3,936	3,680	-256	-6.5%



- **OPEX increased by 5.2% YoY on account of regulatory charges (NDIC/AMCON charge) and technology cost. Increase in balance sheet size led to the growth in regulatory charges.**
- **Technology cost will continue to grow as we invest in digitization to increase market share and improve operational efficiency.**

Cost Dynamics – YoY Breakdown



Breakdown of Operating Expenses: 2017 AVG. Vs. Q1 2017 Vs. Q1 2018

N'million	2017 AVG.	Q1 2017	Q1 2018	VAR	% VAR
Branding & advert	2,043	1,928	1,350	(578)	-30.0%
Staff cost	6,134	5,256	5,072	(184)	-3.5%
Depreciation	1,093	910	769	(141)	-15.5%
Energy (Electricity & Diesel)	313	398	325	(72)	-18.2%
Repairs and maintenance	646	691	652	(38)	-5.5%
Security expenses	314	310	306	(4)	-1.3%
Postage and courier expenses	20	18	17	(1)	-6.5%
Telephone expenses	27	27	26	(1)	-2.7%
Litigations and claims	-	-	-	-	0.0%
Stationery expenses	67	65	66	2	2.8%
Auditors' remuneration	50	38	50	13	34.2%
Insurance expenses	99	85	99	14	16.7%
Legal expenses	51	71	89	18	25.7%
Travelling and accommodation	174	130	155	25	19.5%
Directors' emoluments	93	56	96	40	71.7%
Rent and rates	215	176	219	43	24.5%
Training expenses	55	38	91	53	140.2%
Cash movement expenses	178	135	191	57	42.0%
Outsourced cost	881	827	894	67	8.1%
Consultancy expenses	174	110	184	74	67.5%
Bank charges	166	147	235	88	60.1%
NDIC / AMCON charges	2,532	2,345	2,673	328	14.0%
Technology cost	602	439	944	505	115.0%
Other expenses	494	168	614	446	265.1%
	16,419	14,365	15,119	754	5.2%

Cost Savings Analysis



Key Drivers in Q1 2018: YoY Actual Cost (Decrease) / Increase									
N'billion									
(0.58)	(0.18)	(0.14)	(0.07)	(0.04)	(0.00)	(0.00)	(0.00)	-	0.00
Branding & Advert	Staff Cost	Depreciation	Energy (Electricity & Diesel)	Repairs and maintenance	Security expenses	Postage and courier expenses	Telephone expenses	Litigations and claims	Stationery expenses

Key Drivers: AVG Vs. Q1 2018 Actual Cost (Decrease) / Increase									
N'billion									
(1.06)	(0.69)	(0.32)	(0.02)	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)	-
Staff Cost	Branding & Advert	Depreciation	Travelling and accomodation	Security expenses	Postage and courier expenses	Stationery expenses	Telephone expenses	Insurance expenses	Litigations and claims

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

4. Financial Review – SFP

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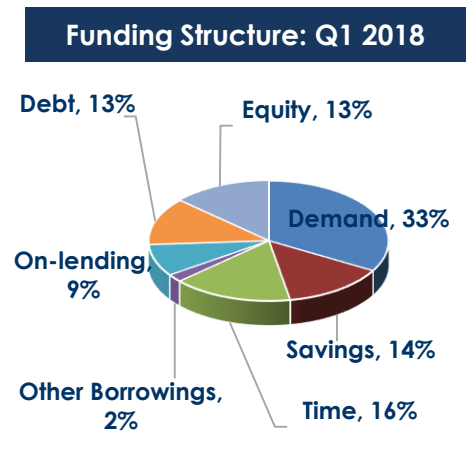
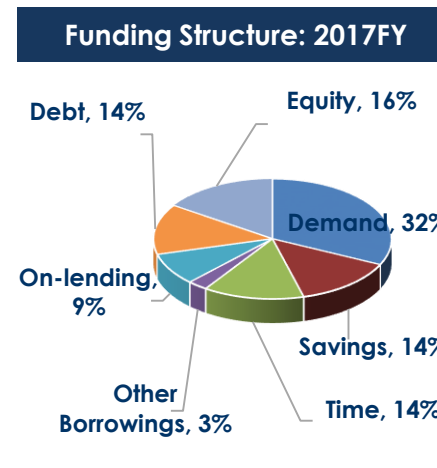
*It's not even the Festive Season yet but we just can't hold back all
the freebies we have for you.*



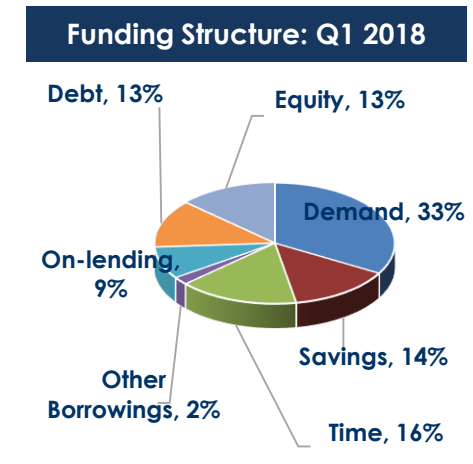
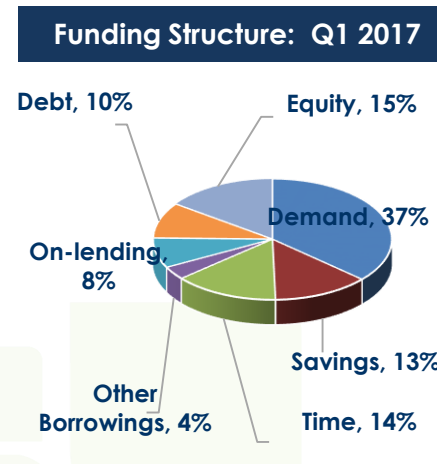
Funding Base Analysis



Key Highlights (N'm)	2017FY	Q1 2018	VAR	% VAR
Demand Deposits	418,472	452,429	33,957	8.1%
Savings Deposits	178,570	188,215	9,645	5.4%
Tenor Deposits	178,234	218,713	40,479	22.7%
Other Borrowings	35,529	28,496	(7,033)	-19.8%
On-Lending	112,294	117,081	4,787	4.3%
Debt Securities	177,704	174,073	(3,631)	-2.0%
Equity	203,315	179,662	(23,653)	-11.6%
Total	1,304,118	1,358,670	54,552	4.2%



Key Highlights (N'm)	Q1 2017	Q1 2018	VAR	% VAR
Demand Deposits	458,691	452,429	(6,261)	-1.4%
Savings Deposits	163,747	188,215	24,468	14.9%
Time Deposits	177,810	218,713	40,904	23.0%
Other Borrowings	44,196	28,496	(15,700)	-35.5%
On-Lending	100,671	117,081	16,409	16.3%
Debt Securities	120,736	174,073	53,337	44.2%
Equity	189,214	179,662	(9,552)	-5.0%
Total	1,255,064	1,358,670	103,606	8.3%



- Total deposits has rebounded firmly above pre-TSA levels (N800bn), growing by 10.8% YTD to N859.4 billion.
- Total deposits now account for 62.7% of total funding base (2017FY: 59.4%) and 72.9% of interest bearing liabilities.

Deposits Analysis



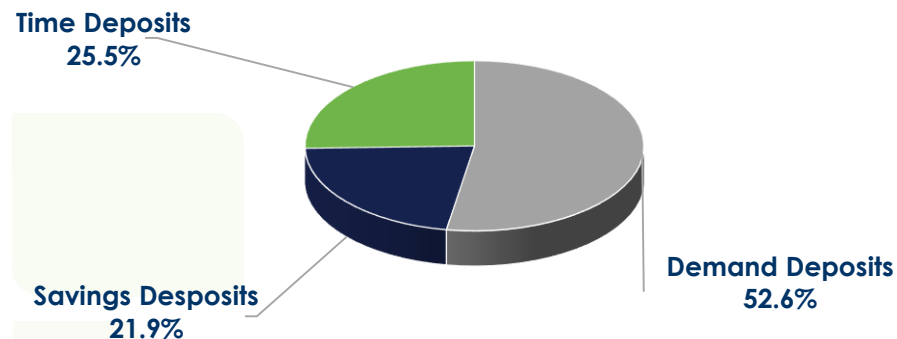
- ▶ Total deposits increased across all deposit products (including FX deposits) by 10.8% YTD to N859 billion from N775.3 billion in 2017FY
- ▶ Further growth witnessed in retail deposits as savings deposits increase by 5.4% YTD.
- ▶ Low cost deposits now constitute 74.5% of total deposits from 77.0% in 2017FY due to 22.7% growth in tenor deposits to N218.7 billion.
- ▶ The deposit growth creates enough head-room to fund the planned growth in risk assets in 2018FY.

Customer Deposits

N'billion

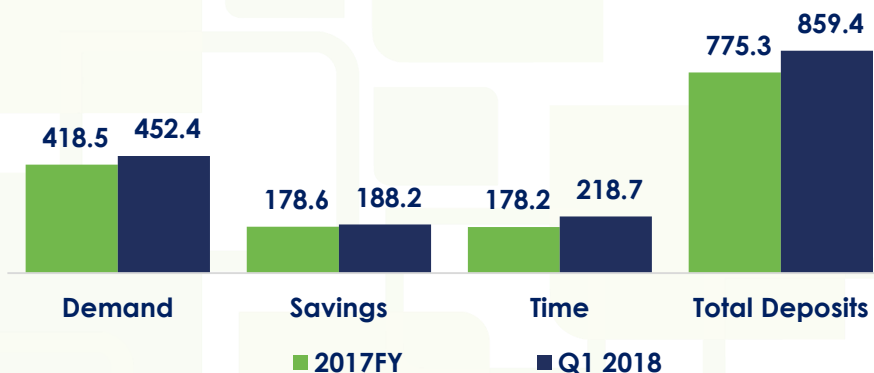


Customer Deposits by Products – Q1 2018



Customer Deposits by Products – 2017FY Vs. Q1 2018

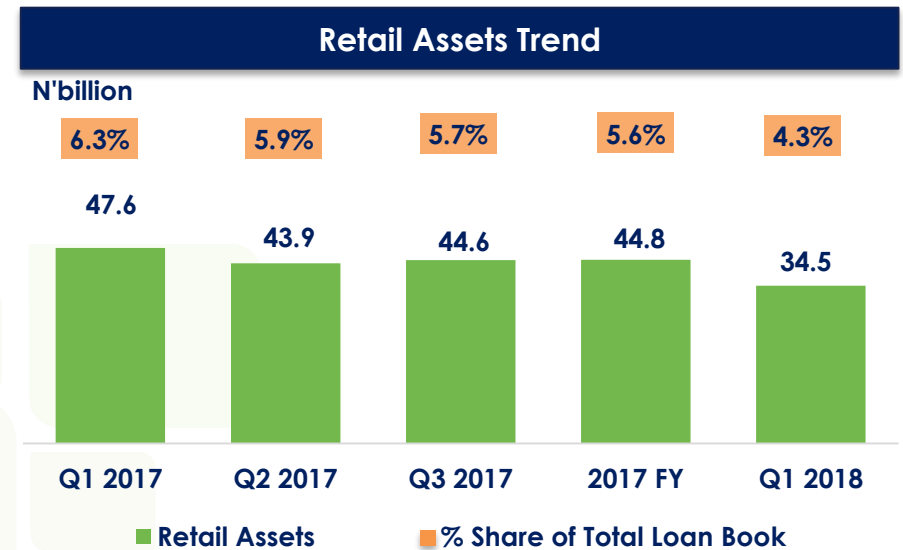
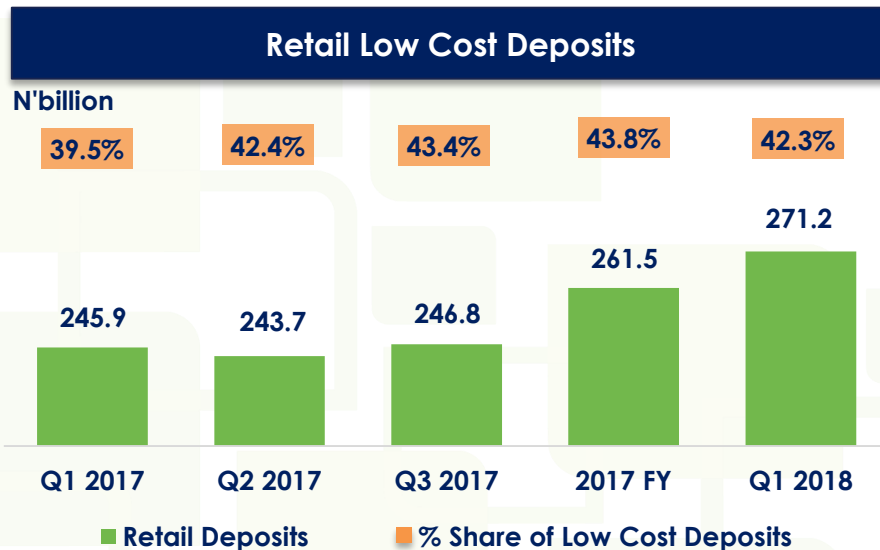
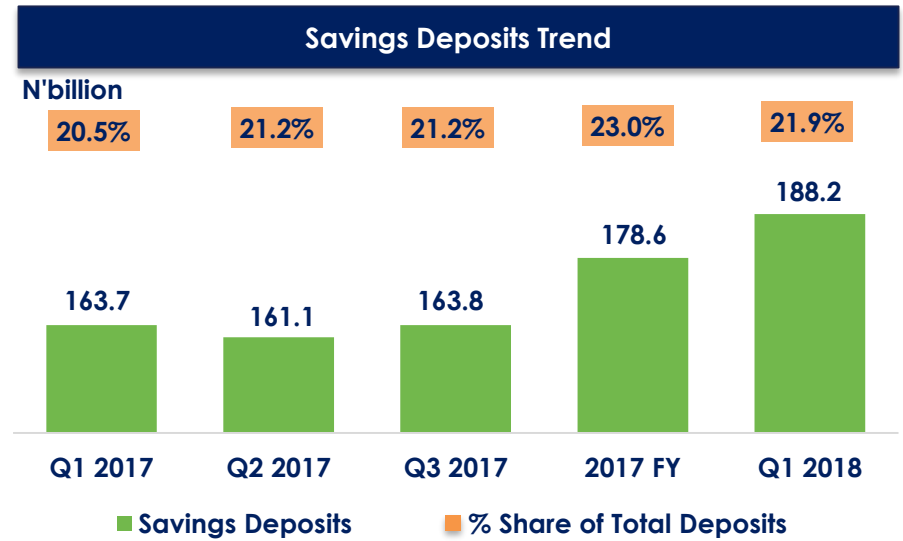
N'billion



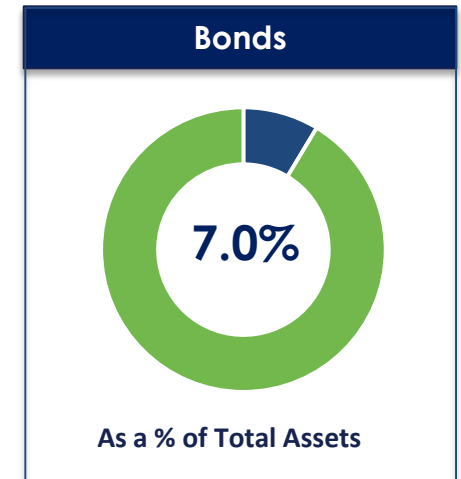
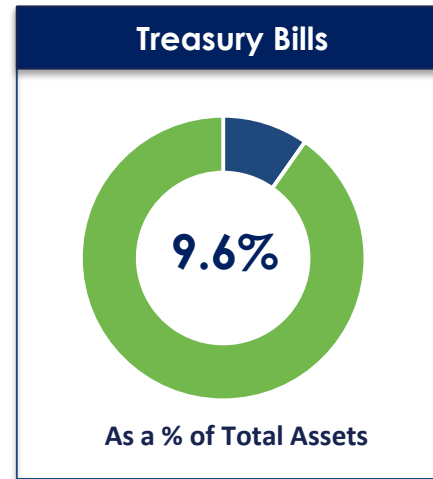
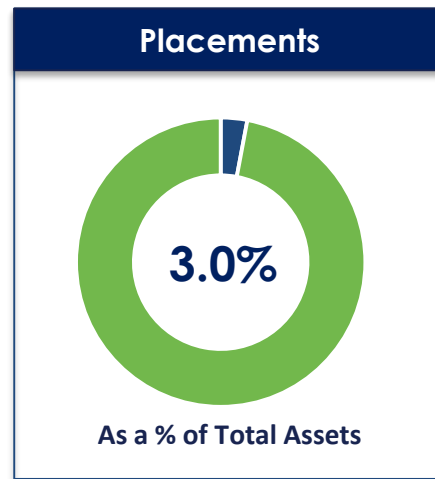
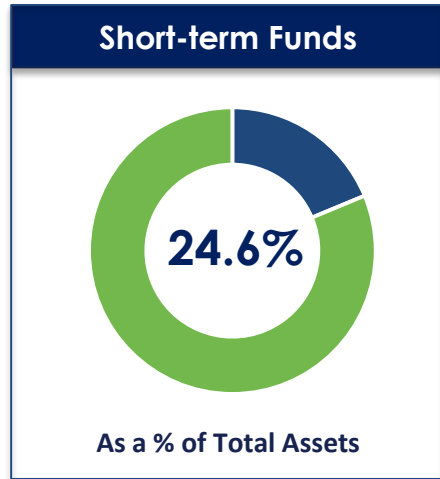
Retail Banking Analysis (Personal Banking)



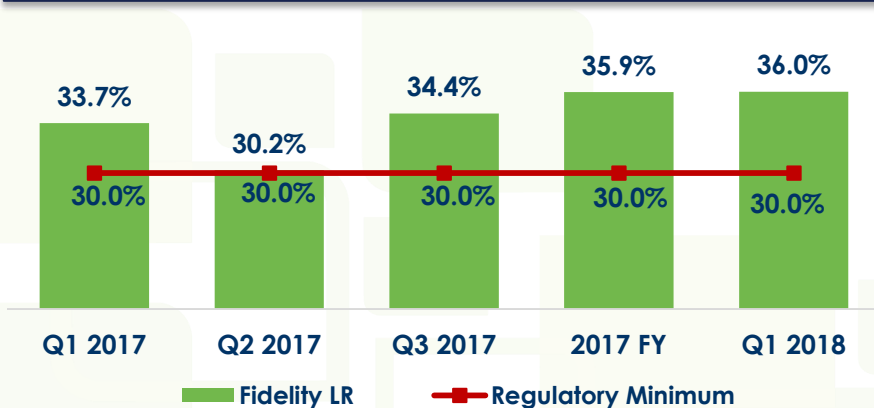
- ▶ Improved cross-selling of digital banking products and increased consumer disposable income is driving Savings deposits growth in the last 2 quarters
- ▶ We expect double digit growth in Savings and Retail low cost deposits in the 2018FY.
- ▶ Retail assets are deliberately low but would inch up as the macro environment improves and we commence our new mobile lending product



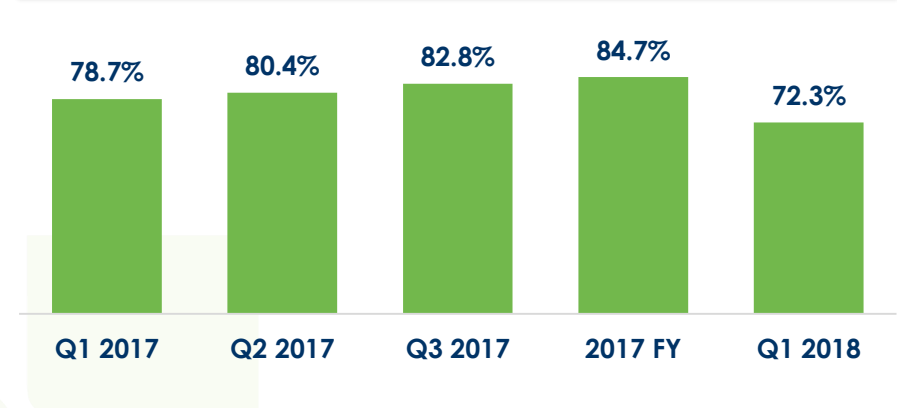
Liquid Assets Position



Liquidity Ratio



% Total Loans to Customer Deposits



- Improved liquidity is changing the structure of our funding base: loans to deposits is now 72.6% from 84.7% in 2017FY excludes other funding sources e.g. debts.
- Loans to interest bearing liabilities improved to 62.7% in Q1 2018 from 69.8% reported in 2017FY.

Loan Portfolio Analysis



Breakdown of Loans & Advances to Customers: 2017FY Vs. Q1 2018

N'million	2017FY	Q1 2018	VAR	% VAR
Communication	37,874	43,562	5,688	15.0%
Oil and Gas	204,695	198,068	-6,628	- 3.2%
- Upstream	148,544	137,401	-11,142	- 7.5%
- Downstream	27,362	30,598	3,236	11.8%
- Services	28,790	30,068	1,279	4.4%
Power	102,727	102,019	-707	- 0.7%
Manufacturing	77,368	86,087	8,719	11.27%
General Commerce	69,095	67,419	-1,676	- 2.4%
Transport	72,301	75,980	3,679	5.1%
Consumer (Individuals)	44,751	34,511	-10,240	-22.88%
Government	107,489	106,202	-1,287	- 1.2%
Construction	27,979	28,318	338	1.2%
Agriculture	12,657	11,805	-852	- 6.7%
Real Estate	24,506	26,462	1,956	8.0%
Education	3,548	3,165	-383	- 10.8%
Finance and Insurance	3,915	4,485	569	14.5%
Others	6,408	6,231	-177	- 2.8%
Total	795,315	794,314	-1,000	- 0.1%

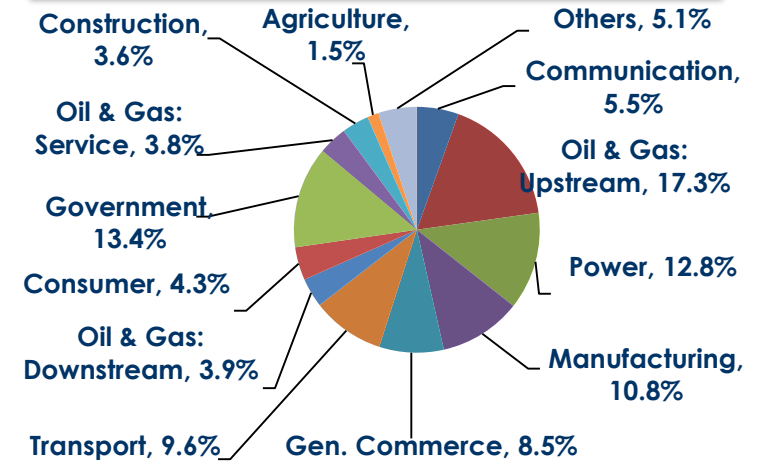
Loan Portfolio Analysis



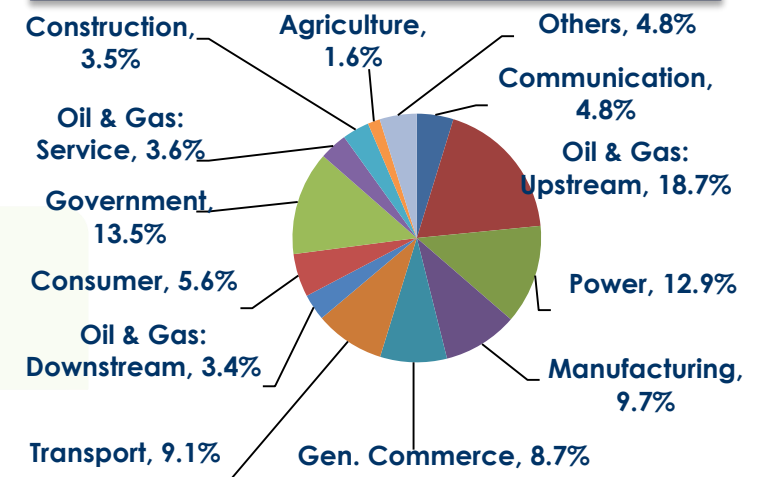
Breakdown of Loans & Advances to Customers

N'million	Q2 2017	Q3 2017	Q4 2017	Q1 2018
Communication	39,934	40,953	37,874	43,562
Oil and Gas	199,839	212,551	204,695	198,068
- Upstream	135,048	145,801	148,544	137,401
- Downstream	26,221	27,482	27,362	30,598
- Services	38,570	39,268	28,790	30,068
Power	91,923	98,925	102,727	102,019
Manufacturing	74,714	80,972	77,368	86,087
Gen. Commerce	48,657	55,063	69,095	67,419
Transport	68,339	65,828	72,301	75,980
Consumer	43,908	44,640	44,751	34,511
Government	105,795	106,385	107,489	106,202
Construction	26,065	27,142	27,979	28,318
Agriculture	10,611	11,272	12,657	11,805
Real Estate	23,252	24,595	24,506	26,462
Education	3,576	3,899	3,548	3,165
Fin. & Insurance	7,317	6,374	3,915	4,485
Others	5,365	6,845	6,408	6,231
Total	749,295	785,443	795,315	794,314

Loan Analysis – Q1 2018



Loan Analysis – 2017FY



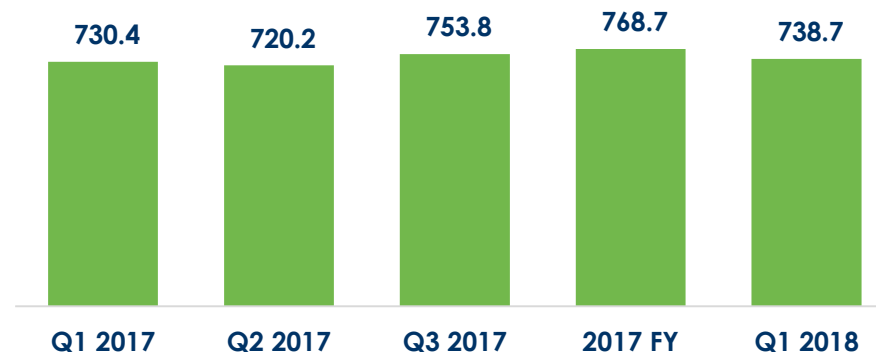
Loan Book Analysis



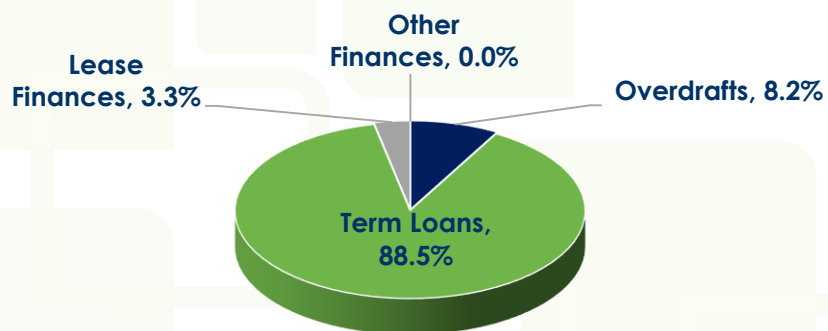
- ▶ Net loans declined by 3.9% YTD to N738.7 billion on account of increased IFRS 9 provisions which impacted net loans by over N28bn and loan pay-downs
- ▶ FCY loans declined primarily due to a major pay-down in the Oil & Gas – Upstream Sector while the LCY Loans decline was mainly due to the impact of IFRS 9 increased provisions.
- ▶ FCY loans now constitute about 46.3% in Q1 2018 from 46.0% in 2017FY.

Net Loans and Advances to Customers

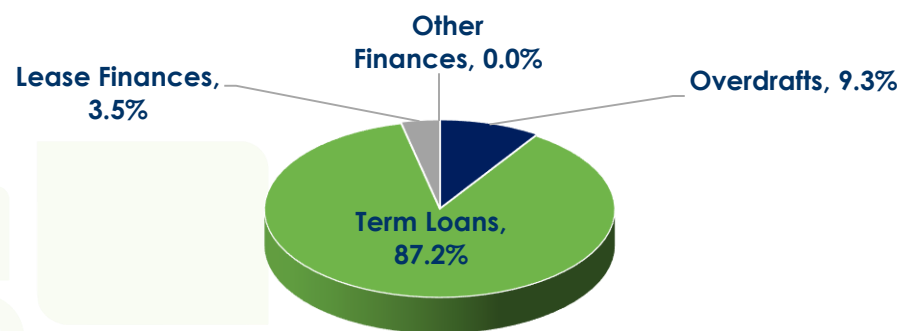
N'billion



Total Loans by Type – 2017FY



Total Loans by Type – Q1 2018



NPL Portfolio Analysis



Breakdown of Non-performing Loans: 2017FY Vs. Q1 2018

	2017FY N'million	Q1 2018 N'million	VAR N'million	% VAR %	2017FY NPL Ratio	Q1 2018 NPL Ratio
Communication	1,537	1,557	20	1.3%	4.1%	3.6%
Oil and gas	13,624	12,891	-733	-5.4%	6.7%	6.5%
- Oil & Gas Upstream	-	-	0	0.0%	0.0%	0.0%
- Oil & Gas Downstream	11,191	10,180	-1,011	-9.0%	40.9%	33.3%
- Oil & Gas Services	2,433	2,711	278	11.4%	8.5%	9.0%
Power	10	9	-1	-10.0%	0.0%	0.0%
Manufacturing	7,346	7,821	475	6.5%	9.5%	9.1%
General Commerce	5,773	5,562	-211	-3.6%	8.4%	8.2%
Transport	13,436	13,846	410	3.0%	18.6%	18.2%
Consumer (Individuals)	2,617	2,557	-60	-2.3%	5.8%	7.4%
Government	25	25	0	0.0%	0.0%	0.0%
Construction	908	368	-540	-59.5%	3.2%	1.3%
Agriculture	1,263	1,450	187	14.8%	10.0%	12.3%
Real Estate	1,960	2,054	94	4.8%	8.0%	7.8%
Education	501	489	-12	-2.4%	14.1%	15.5%
Finance and Insurance	94	117	23	24.5%	2.4%	2.6%
Others	1,568	1,583	15	1.0%	24.5%	25.4%
TOTAL	50,662	50,329	-333	-0.7%	6.4%	6.3%

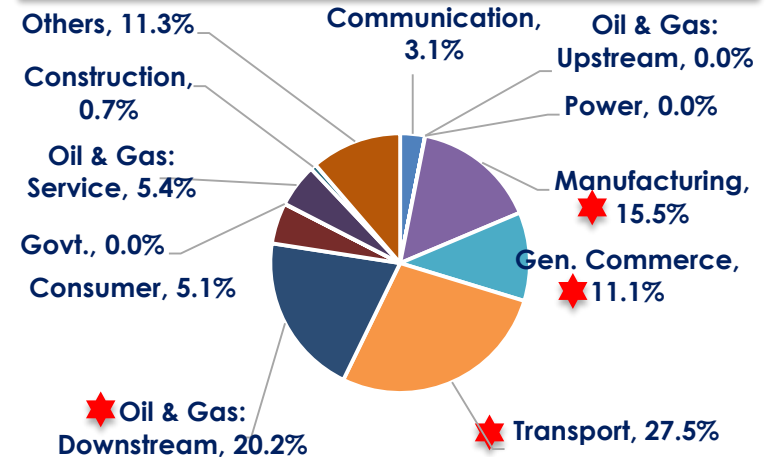
NPL Portfolio Analysis



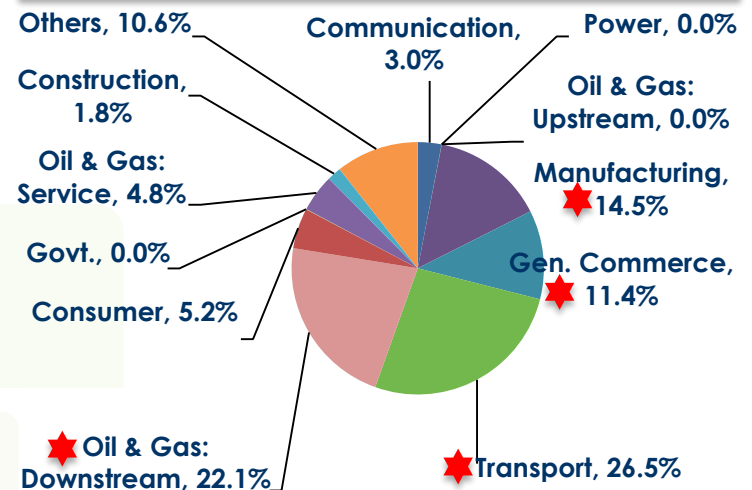
Breakdown of Non-performing Loans

N'million	Q2 2017	Q3 2017	Q4 2017	Q1 2018
Communication	1,415	1,713	1,537	1,557
Oil and Gas	2,171	8,468	13,624	12,891
- Upstream	0	0	0	-
- Downstream	414	6,613	11,191	10,180
- Services	1,756	1,855	2,433	2,711
Power	2	2	10	9
Manufacturing	9,844	9,869	7,346	7,821
Gen. Commerce	7,934	9,354	5,773	5,562
Transport	13,325	8,532	13,436	13,846
Consumer	3,794	3,637	2,617	2,557
Government	28	25	25	25
Construction	591	847	908	368
Agriculture	788	790	1,263	1,450
Real Estate	1,072	706	1,960	2,054
Education	516	665	501	489
Fin. & Insurance	212	164	94	117
Others	1,662	1,719	1,568	1,583
Total	43,355	46,490	50,662	50,329

NPL Analysis – Q1 2018



NPL Analysis – 2017FY

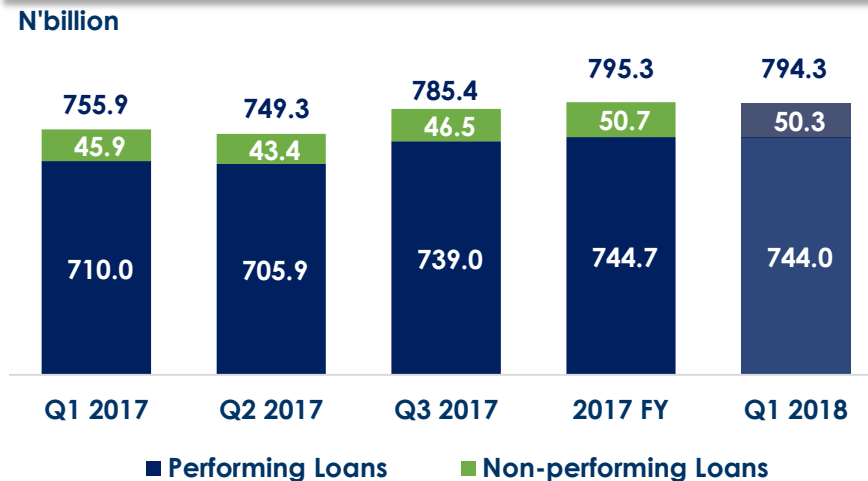


NPL Analysis



- ▶ NPL declined to 6.3% from 6.4% in 2017FY, due to a 0.7% decline in NPLs coming largely from the Downstream and Transport Sectors
- ▶ Coverage ratio is now 111.7% from 109.4% in 2017FY.

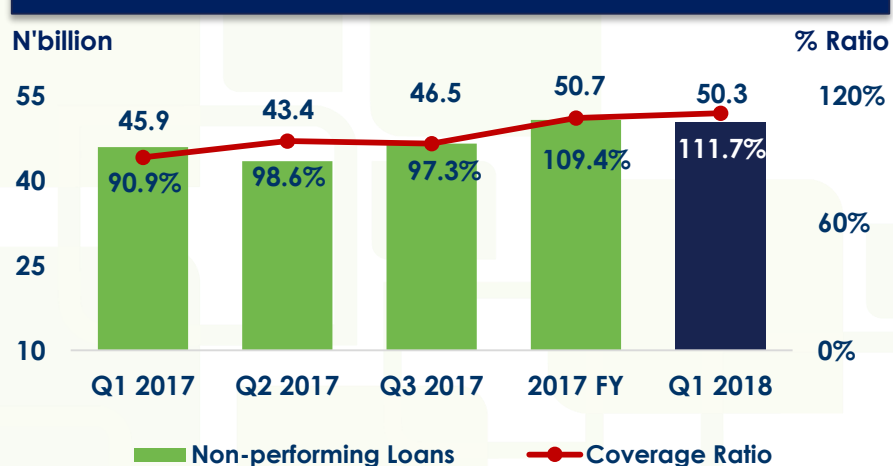
Gross Loans and Advances



Non-performing Loans



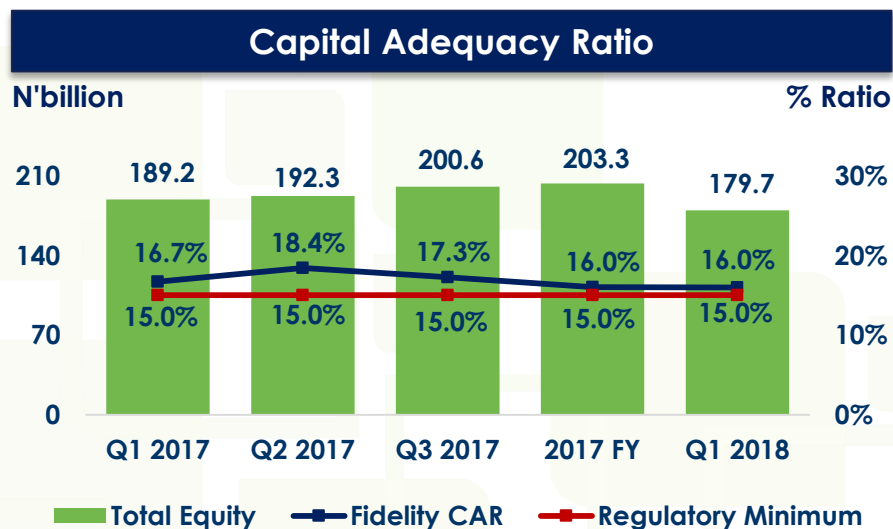
NPL Coverage Ratio



Capital Adequacy



- ▶ Fidelity CAR was unchanged at 16.0%, which remains above the regulatory minimum requirement of 15.0%.
- ▶ The single obligor charge dropped to N14.6 billion due to absolute reduction in the net exposure to the customer.
- ▶ Excluding the capital charge, Fidelity CAR would have been 17.3% in Q1 2018.
- ▶ Only 80% of our N30.0 billion local debt is recognized in Tier II Capital. This will drop to 60% in H1 2018, however, capitalization of H1 2018 profit will sufficiently cover this.



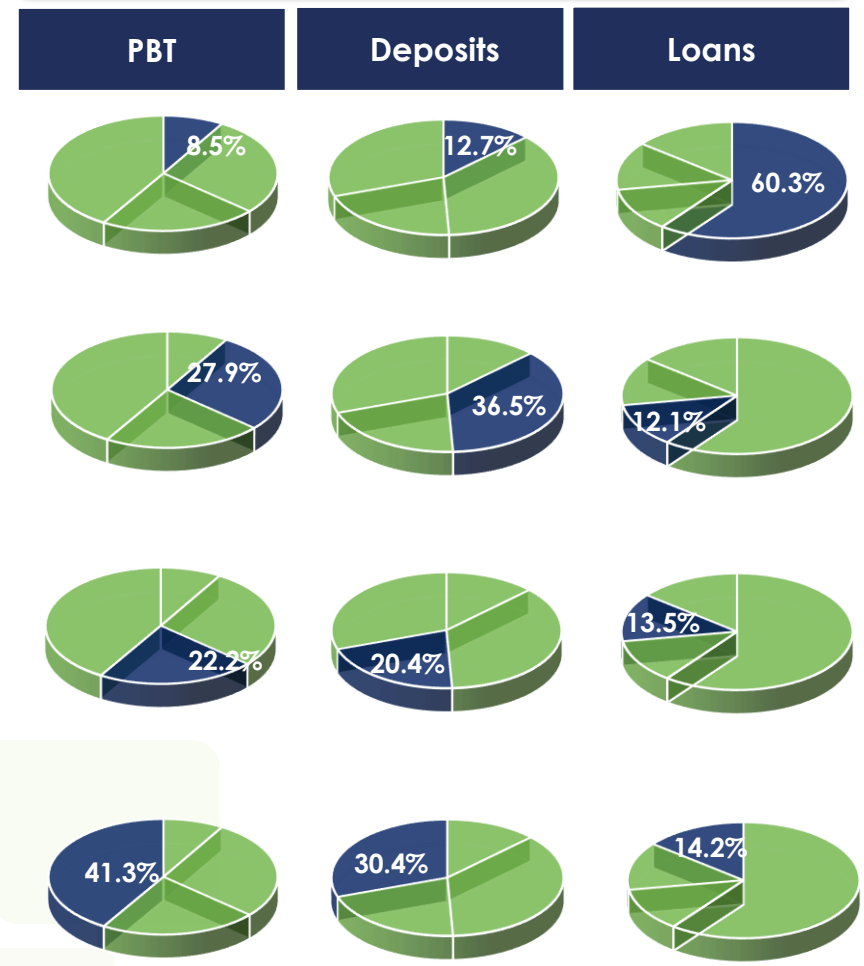
Capital Adequacy Ratio Computation – Basel II			
N'billion	2017FY	Q1 2018	VAR
Tier 1 Capital	165.3	165.3	0.0
Regulatory Adjustment	(15.2)	(14.6)	-0.7
Adjusted Tier 1 Capital	150.1	150.8	0.7
Tier 2 Capital	29.2	29.2	0.0
Total Qualified Capital	179.3	180.0	0.7
Credit Risk	869.3	851.3	-18.0
Market Risk	77.8	104.8	27.1
Operational Risk	171.7	171.7	0.0
Risk Weighted Assets	1,118.8	1,127.9	9.1
Capital Adequacy Ratio			
Tier 1	13.4%	13.4%	
Tier 2	2.6%	2.6%	
Overall CAR	16.0%	16.0%	

Strategic Business Units Analysis



	Business Description
Corporate & Investment Banking	<ul style="list-style-type: none"> ➤ Handles the bank's institutional clients with turnover in excess of ₦5.0bn. ➤ Key focus sectors include: <ul style="list-style-type: none"> ❑ Oil & gas upstream ❑ Oil & gas downstream ❑ Power & infrastructure ❑ Telecommunication ❑ FMCG ❑ Construction & real est. ❑ Agriculture ❑ Transport & shipping
Lagos & SW Bank	<ul style="list-style-type: none"> ➤ Handles retail, commercial, SME customers, and clients not matching the corporate banking criteria etc. ➤ Drives retail deposits, lending, payroll and e-products etc. ➤ Operates at 97 locations
North Bank	<ul style="list-style-type: none"> ➤ Handles retail, commercial, SME customers, and clients not matching the corporate banking criteria etc. ➤ Drives retail deposits, lending, payroll and e-products etc. ➤ Operates at 56 locations including FCT.
South Bank	<ul style="list-style-type: none"> ➤ Handles retail, commercial, SME customers, and clients not matching the corporate banking criteria etc. ➤ Drives retail deposits, lending, payroll and e-products etc. ➤ Operates at 87 locations

Location Based Analysis



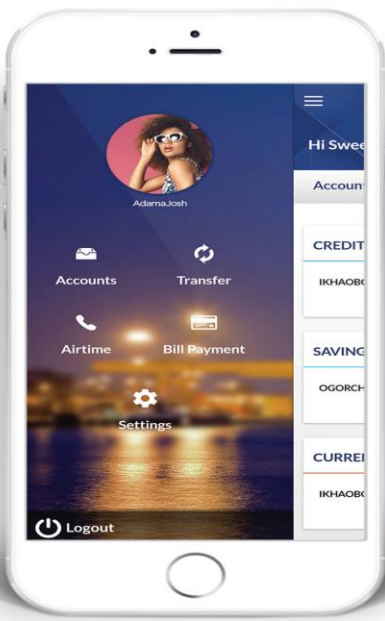


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Q1 2018 Vs. 2018FY Guidance



GROWTH EXPECTATIONS ON KEY INDICATORS

S/N	Index	Q1 2018 Actual	2018FY Target	Comment
1	Net Interest Margin	6.7%	6.5% - 7.0%	On Track
2	Tax Rate	7.1%	10.0% - 12.0%	On Track
3	Loan Growth (YTD)	-3.9%	7.5% - 10.0%	Behind Target
4	Deposit Growth (YTD)	10.8%	10.0% - 15.0%	On Track
5	Cost - Income Ratio	72.7%	Below 70%	Behind Target
6	Proposed Dividends	N/A	30-50% (of PAT) band	N/A
7	NPL Ratio	6.3%	6.0% - 6.5%	On Track
8	Cost of Risk	0.4%	1.25%	On Track
9	ROE – Post Tax	10.4%	12.5%	On Track

Thank You

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