

Fidelity Bank Investor Presentation

Audited Financial Results for the 6 months ended

June 30, 2017



1. Overview of Fidelity Bank

2. The Operating Environment

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4. Financial Review

5. H1 2017 Actual Vs 2017 FY Guidance

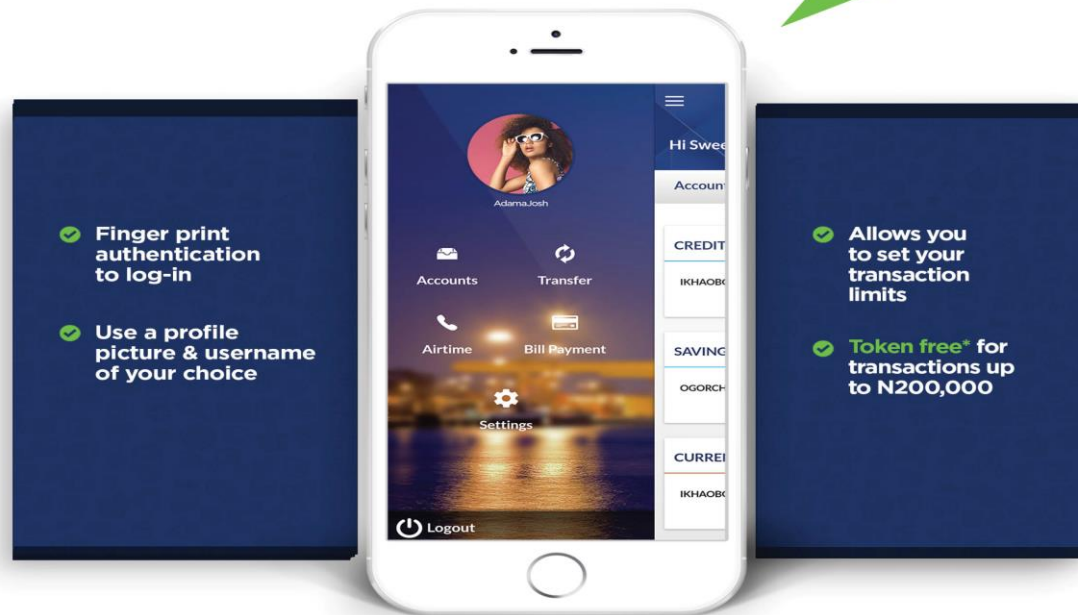
1. Overview of Fidelity Bank



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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
- ▶ The Bank currently has over 400,000 shareholders with the majority being Nigerian citizens and corporations.
- ▶ A Well capitalised bank with a CAR of 18.4%
- ▶ 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 the SME, niche corporate banking and retail banking driven by electronic banking services and products.

Distribution Network

Business Offices		Digital Channels	
Lagos	83	ATMs	783
South West	13	POS	3,091
South South	44		
South East	44		
North West	15		
North East	8		
North Central	13		
FCT Abuja	20		
		Digital Penetration	
		Debit Cards	1,951,701
		Mobile Banking	831,563
		Internet Banking	272,387

Key Highlight

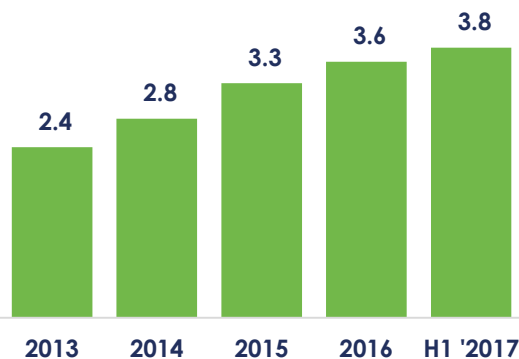
Total Assets	N1,308.7 billion
Total Equity	N192.3 billion
Business Offices	240
No of Accounts	3.8 million
Professional Staff	3,267
Consumer Sales Agents	887
Ratings	B-/B- (S&P)/Fitch
Auditors	Ernst & Young / PKF

Overview of Fidelity Bank

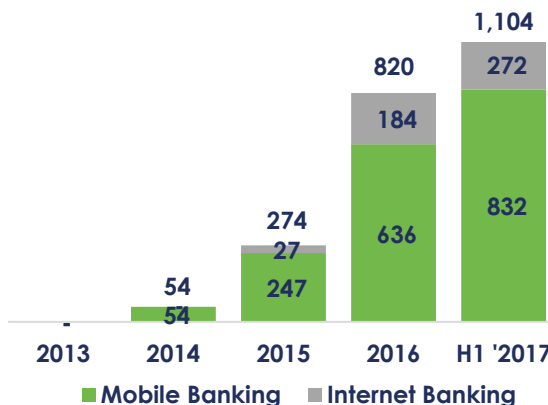


Rapid deployment of electronic products to drive retail banking penetration

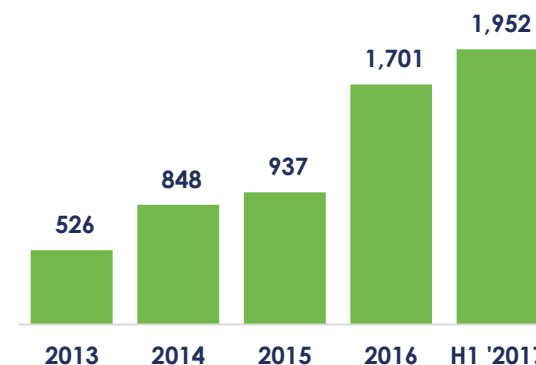
Number of customer accounts (#'m)



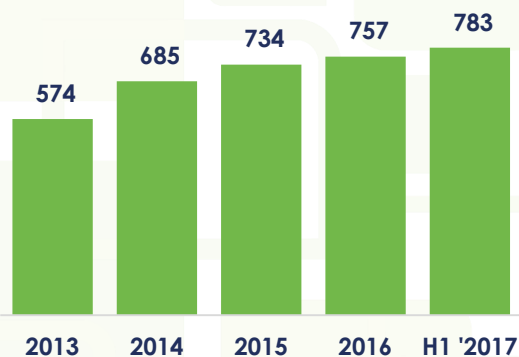
Mobile/Internet banking cust. (#'000)



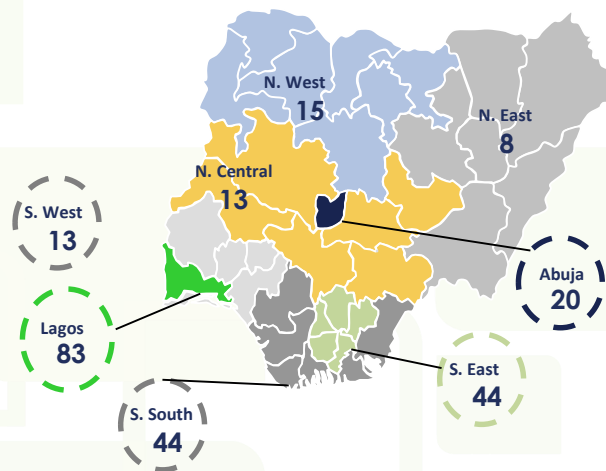
Number of Debit Cardholders (#000)



Number of ATMs (#)



Branch network



Commentary

- ▶ Retail strategy has been driven by the development of bespoke electronic products to drive rapid customer enrolment
- ▶ In the last 30 months we have migrated over a million customers to our flagship mobile and internet banking products
- ▶ Over 72% of the customer transactions are now done on electronic platforms with ATMs and mobile banking accounting for about 70%

2. Operating Environment



You Don't Need A Token



Wow!
Who Needs
A **Token?**

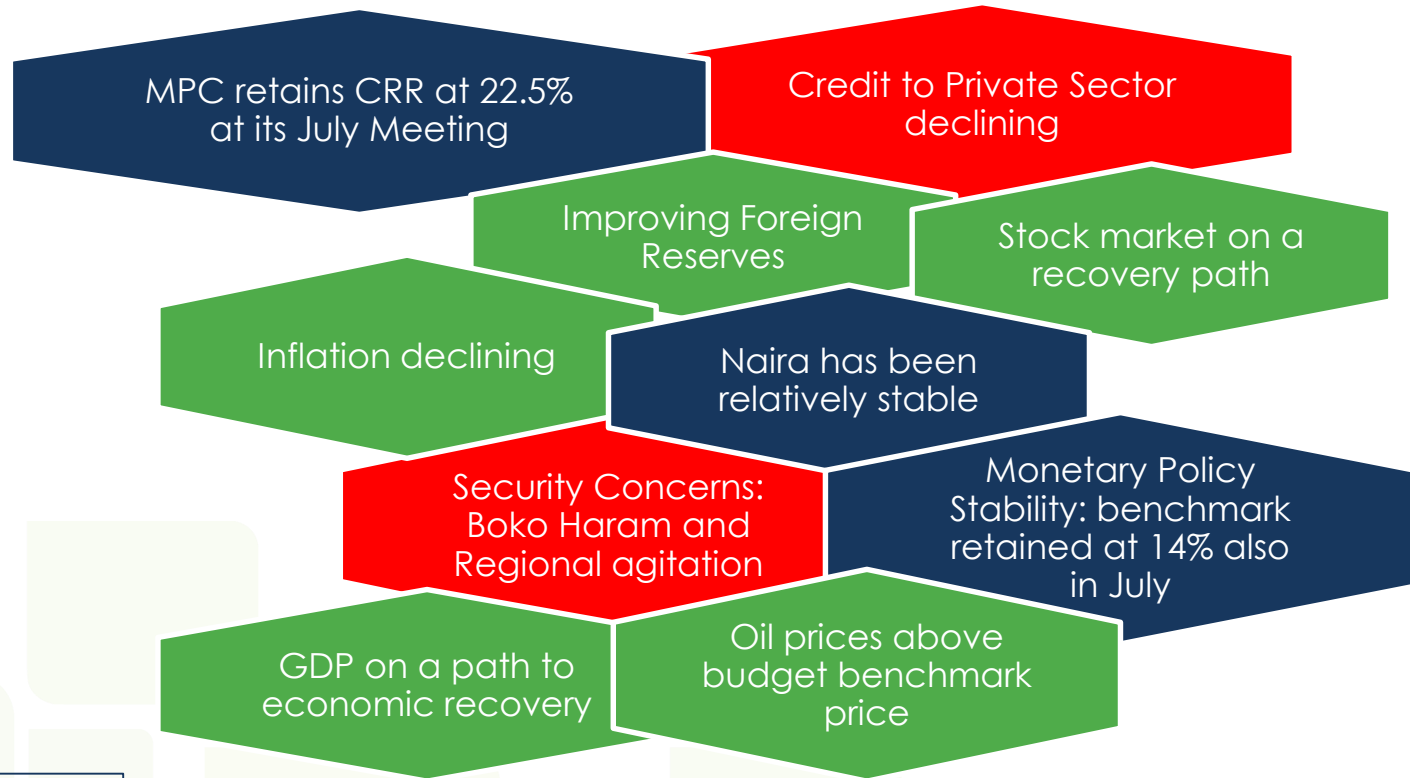
For Transactions Up To N200,000.
Just Dial *770# To Get Started.
It's That Easy!

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



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

Pay By Link

Performance Highlights



Revenue and Efficiency Ratio

- ❑ Total Interest Income up by 27.8% to N72.9 billion in H1 2017 (H1 2016: N57.0 billion)
- ❑ Operating Expenses down by 1.8% to N30.9 billion in H1 2017 (H1 2016: N31.5 billion)
- ❑ Cost-income Ratio down to 67.3% in H1 2017 from 74.2% in H1 2016.
- ❑ PBT up by 66.7% to N10.2 billion in H1 2017 (PAT came in at N9.0 billion)

Asset Quality

- ❑ Cost of Risk increased to 1.3% in H1 2017, compared to 1.2% in 2016 FY
- ❑ NPL Ratio improved to 5.8% in H1 2017 from 6.6% in 2016 FY
- ❑ Coverage Ratio increased to 98.6% in H1 2017 from 83.5% in 2016 FY
- ❑ FCY Loans accounted for 41.3% of Net Loans from 44.4% in 2016 FY

Capital Adequacy and Liquidity

- ❑ Capital Adequacy Ratio of 18.4%, based on Basel II computation
- ❑ Liquidity Ratio of 30.2% compared to regulatory minimum of 30.0%
- ❑ Net Loans to Customer Deposits Ratio stood at 80.4% from 78.0% (2016 FY)
- ❑ Total Equity at N192.2 billion compared to N185.4 billion in 2016 FY

Financial Highlights



- ❑ Gross earnings increased by 22.1% YoY to N85.8 billion driven by a combination of increased yields on earning assets which led to a 27.8% YoY growth in interest income, and a 0.7% growth in net fee income to N11.2 billion.
- ❑ Net Interest Margin (NIM) increased to 7.4% in H1 2017 from 6.4% (2016 FY) as the growth in the yield on our earning assets outpaced the increase in funding cost.
- ❑ Total operating expenses declined by 1.8% (despite the high inflationary environment) leading to a reduction in our Cost to Income Ratio (CIR) to 67.3%. The drop was driven by personnel costs, process improvement and digital banking initiatives which have continued to optimize our cost profile.
- ❑ Actual impairment charge for the period was N7.3 billion, however, a reversal of N2.5 billion being previous charges no longer required resulted in a net impairment charge of N4.81 billion; a slight increase of 0.3% compared to N4.80 billion in H1 2016.
- ❑ PBT increased by 66.7% YoY to N10.2 billion compared to N6.1 billion reported in H1 2016, this was largely a combination of a N3.5 billion growth in net interest income and a N0.6 billion decline in total operating expenses.

Financial Highlights



- ❑ Total customer deposits decreased by 4.0% to N761.1 billion in June 2017 from N793.0 billion in December 2016, however low cost deposits continued to account for over 75% of total customer deposits.
- ❑ Savings deposits increased by 3.9% to N161.1 billion in June 2017 from N155.0 billion in December 2016 on the strength of improved cross selling of our digital banking products with about 30% of our customers now enrolled on our flagship mobile (*770#) and internet banking products
- ❑ Net loans and advances increased marginally by 0.3% YTD to N720.1 billion with cost of risk currently at 1.3% while coverage ratio improved to 98.6% in H1 2017 from 83.5% in 2016 FY.
- ❑ NPL improved to 5.8% from 6.6% in the 2016 FYE due to the subtle growth in the loan book and a 12.2% drop in absolute NPL figures driven by increased collections.
- ❑ Key regulatory ratios remained above the required thresholds with Capital Adequacy Ratio (CAR) increasing to 18.4% from 17.2% in 2016 FY after adjusting for N13.0 billion capital charge.

Financial Highlights



Summary of Income Statement: YoY Change				
N'million	H1 2016	H1 2017	VAR	% VAR
Gross Earnings	70,259	85,821	15,562	22.1%
Interest Income Loans	41,565	53,461	11,896	28.6%
Interest Income Liquid Assets	15,441	19,392	3,951	25.6%
Total Interest Income	57,006	72,853	15,847	27.8%
Interest Expense Customer Deposits	(19,670)	(31,085)	(11,415)	58.0%
Interest Expense Borrowings	(6,105)	(7,068)	(963)	15.8%
Total Interest Expense	(25,775)	(38,153)	(12,378)	48.0%
Net Interest Income	31,231	34,700	3,469	11.1%
FX Income	1,726	3,422	1,696	98.3%
E-banking Income	7,465	3,597	(3,868)	-51.8%
Other Fee Income (Net)	1,964	4,211	2,247	114.4%
Net Fee Income	11,155	11,230	75	0.7%
Operating Income	42,386	45,930	3,544	8.4%
Total Expenses	(31,458)	(30,901)	557	-1.8%
Net Impairment Losses	(4,797)	(4,810)	(13)	0.3%
Profit Before Tax	6,131	10,219	4,088	66.7%

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

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

Financial Highlights



Summary of Income Statement: QoQ Change				
N'million	Q1 2017	Q2 2017	VAR	% VAR
Gross Earnings	40,842	44,979	4,137	10.1%
Interest Income Loans	26,790	26,671	(119)	-0.4%
Interest Income Liquid Assets	9,440	9,952	512	5.4%
Total Interest Income	36,230	36,623	393	1.1%
Interest Expense Customer Deposits	(15,900)	(15,185)	714	-4.5%
Interest Expense Borrowings	(3,773)	(3,295)	478	-12.7%
Total Interest Expense	(19,673)	(18,480)	1,193	-6.1%
Net Interest Income	16,557	18,143	1,586	9.6%
FX Income	323	3,099	2,776	859.2%
E-banking Income	2,061	1,536	(525)	-25.5%
Other Fee Income (Net)	1,024	3,187	2,164	211.4%
Net Fee Income	3,408	7,822	4,415	129.5%
Operating Income	19,965	25,965	6,001	30.1%
Total Expenses	(14,365)	(16,536)	(2,171)	15.1%
Net Impairment Losses	(750)	(4,060)	(3,310)	441.1%
Profit Before Tax	4,849	5,370	520	10.7%

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	2016 FY	H1 2017	VAR	% VAR
Total Assets	1,298,141	1,308,702	10,561	0.8%
Earning Assets	970,213	946,942	(23,271)	-2.4%
Bank Placements	13,011	5,615	(7,396)	-56.8%
Treasury Bills	126,823	106,128	(20,695)	-16.3%
Bonds	111,978	115,036	3,058	2.7%
Customer Loans (Naira)	399,394	422,871	23,478	5.9%
Customer Loans (FCY)	319,007	297,292	(21,716)	-6.8%
Non-Earning Assets	327,928	361,760	33,832	10.3%
Cash	34,861	26,199	(8,662)	-24.8%
Cash Reserve	170,246	184,233	13,987	8.2%
Bal. with other Banks/Settlement Acct	38,143	60,469	22,326	154.0%
Fixed Assets	40,356	39,732	(624)	-1.5%
All Other Assets	44,322	51,127	6,805	15.4%
Interest Bearing Liabilities	1,051,997	1,034,929	(17,068)	-1.6%
Demand	453,461	413,619	(39,842)	-8.8%
Savings	155,019	161,101	6,082	3.9%
Time Deposits	184,491	186,349	1,858	1.0%
Other Borrowings	37,219	43,500	6,281	16.9%
On-lending Facilities	99,991	108,103	8,112	8.1%
Debt Securities	121,816	122,258	442	0.4%
All Other Liabilities	60,742	81,434	20,692	34.1%
Equity	185,402	192,339	6,937	3.7%

Financial Highlights



Statement of Financial Position: QoQ Change

N'million	Q1 2017	Q2 2017	VAR	% VAR
Total Assets	1,310,854	1,308,702	(2,152)	-0.2%
Earning Assets	974,793	946,942	(27,851)	-2.9%
Bank Placements	10,000	5,615	(4,385)	-43.9%
Treasury Bills	114,338	106,128	(8,210)	-7.2%
Bonds	120,007	115,036	(4,971)	-4.1%
Customer Loans (Naira)	411,290	422,871	11,581	2.8%
Customer Loans (FCY)	319,158	297,292	(21,867)	-6.9%
Non-Earning Assets	336,062	361,760	25,698	7.6%
Cash	18,244	26,199	7,955	43.6%
Cash Reserve	175,810	184,233	8,423	4.8%
Bal. with other Banks/Settlement Acct	59,642	60,469	827	1.4%
Fixed Assets	39,166	39,732	566	1.4%
All Other Assets	43,200	51,127	7,927	18.3%
Interest Bearing Liabilities	1,065,850	1,034,929	(30,920)	-2.9%
Demand	458,691	413,619	(45,072)	-9.8%
Savings	163,747	161,101	(2,646)	-1.6%
Time Deposits	177,810	186,349	8,539	4.8%
Other Borrowings	44,196	43,500	(696)	-1.6%
On-lending Facilities	100,671	108,103	7,432	7.4%
Debt Securities	120,736	122,258	1,522	1.3%
All Other Liabilities	55,790	81,434	25,643	46.0%
Equity	189,214	192,339	3,125	1.7%

4. Financial Review – SCI

Enjoy A Simpler Life With Fidelity Digital Banking Solutions

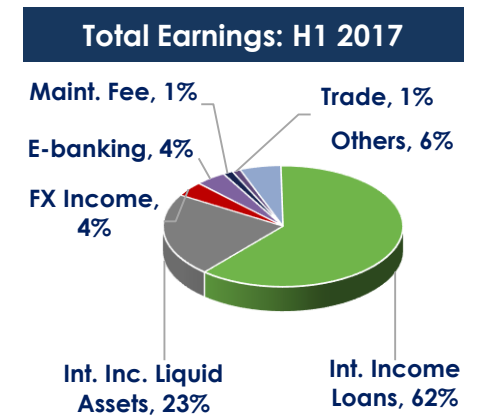
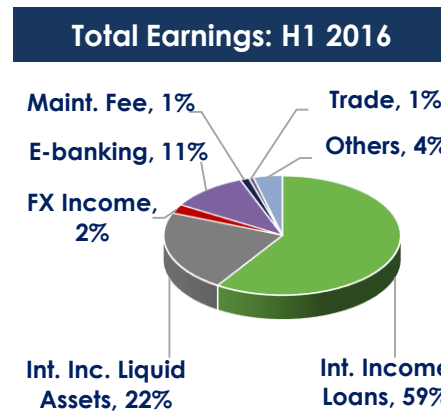
*770# Instant Banking	Online Banking	Cards
ATM	POS	Pay By Link
MCash		



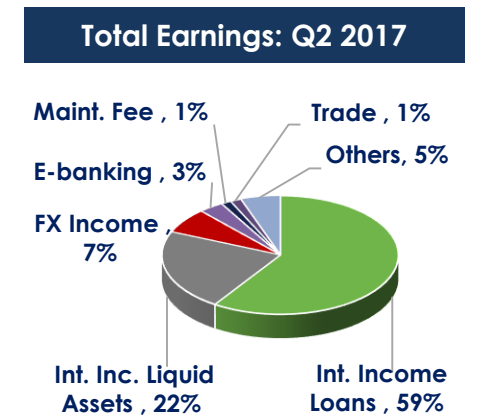
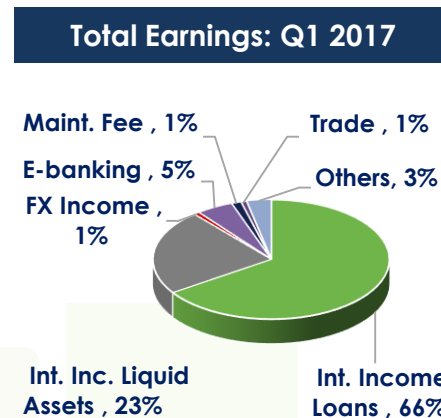
Gross Earnings Analysis



Key Highlights (N'm)	H1 2016	H1 2017	VAR	% VAR
Total Earnings	70,259	85,821	15,562	22.1%
Interest Income Loans	41,565	53,461	11,896	28.6%
Int. Income Liquid Assets	15,441	19,392	3,951	25.6%
FX Income	1,726	3,422	1,696	98.3%
E-banking Income	7,465	3,597	(3,868)	-51.8%
A/C Maintenance fee	856	1,159	303	35.5%
Trade Income	437	985	548	125.4%
Other Income	2,769	3,805	1,036	37.4%



Key Highlights (N'm)	Q1 2017	Q2 2017	VAR	% VAR
Total Earnings	40,842	44,979	4,137	10.1%
Interest Income Loans	26,790	26,671	(119)	-0.4%
Int. Income Liquid Assets	9,440	9,952	512	5.4%
FX Income	323	3,099	2,776	859.2%
E-banking Income	2,061	1,536	(525)	-25.5%
A/C Maintenance fee	542	617	75	13.8%
Trade Income	313	672	358	114.4%
Other Income	1,373	2,432	1,059	77.2%



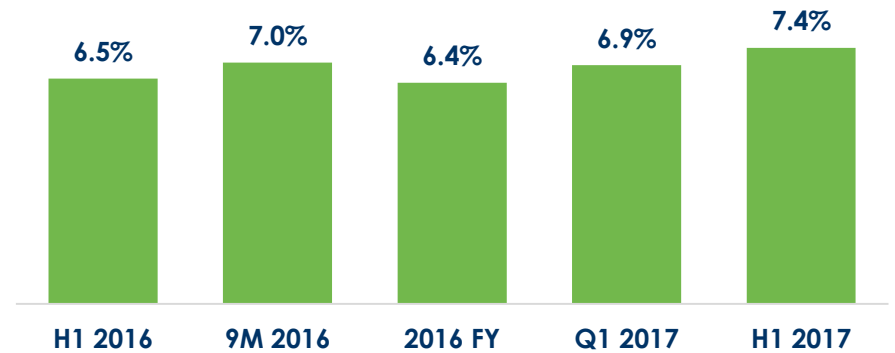
- Double-digit growth in gross earnings was largely due to an impressive growth of 28.6% (N11. billion) in interest income on loans and a 25.6% increase in interest income on liquid assets.
- Total interest income contribution to gross earnings was 84.9% compared to 81.1% in H1 2016.

Net Interest Margin Analysis

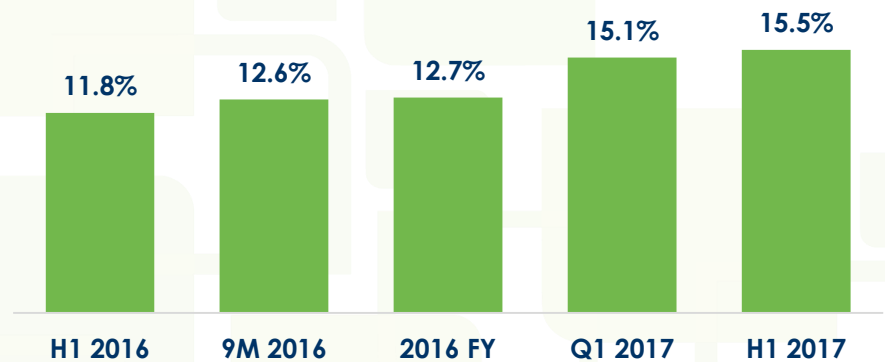


- ▶ NIM improved to 7.4% in H1 2017 from 6.4% in 2016FY as the increase in our average yield on earning assets outpaced the increase in average funding cost.
- ▶ The yield on earning assets has consistently inched up since H1 2016, growing from 11.8% to 15.5% in H1 2017.
- ▶ Average funding cost also grew but at a slower rate to 7.5% in Q1, before dropping marginally to 7.4% in H1 2017.
- ▶ High funding cost was due to high yields on government securities which has continued to spike deposit rates upwards.

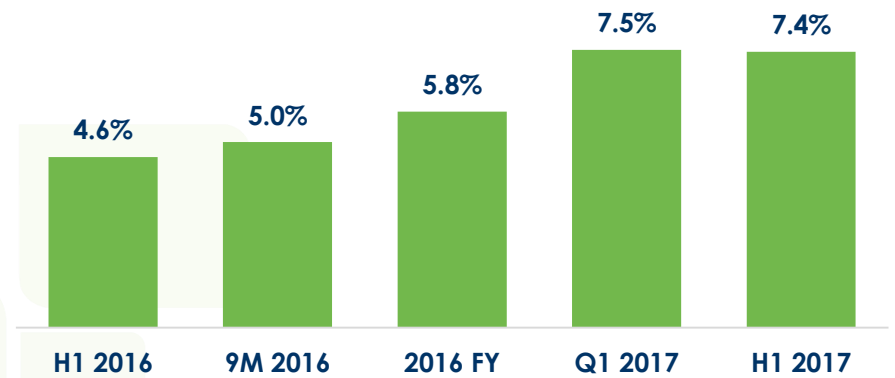
NIM Trend



Yield on Earning Assets



Funding Cost

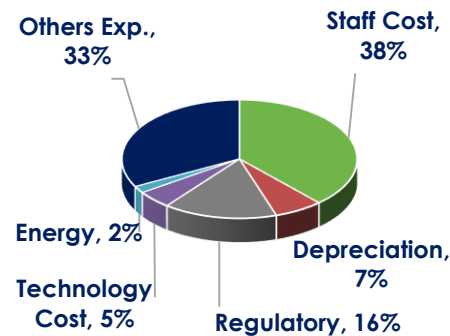


Total Expense Analysis

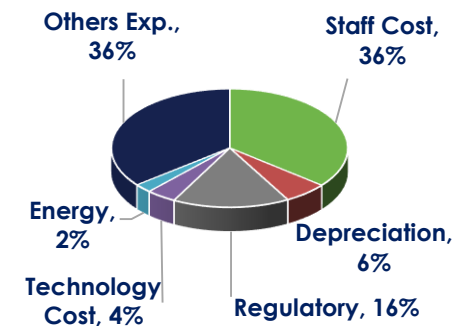


Key Highlights (N'm)	H1 2016	H1 2017	VAR	% VAR
Total Expenses	31,458	30,901	-557	-1.8%
Staff Cost	12,030	11,074	-956	-7.9%
Depreciation	2,107	1,855	-252	-11.9%
NDIC/AMCON Cost	4,909	4,926	17	0.3%
Technology Cost	1,527	1,267	-260	-17.0%
Energy Cost	592	744	152	25.6%
Security	694	615	-79	-11.4%
Branding & Advert	3,737	4,536	799	21.4%
Other Expenses	5,862	5,884	22	0.4%

Total Expenses: H1 2016

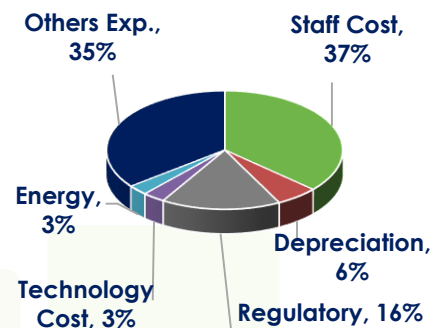


Total Expenses: H1 2017

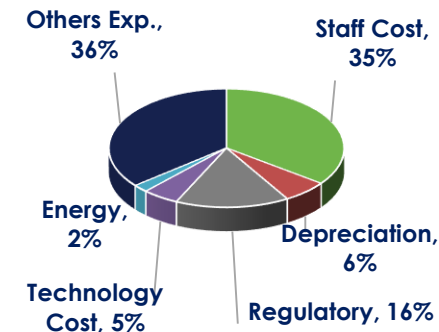


Key Highlights (N'm)	Q1 2017	Q2 2017	VAR	% VAR
Total Expenses	14,365	16,536	2,171	15.1%
Staff Cost	5,256	5,818	562	10.7%
Depreciation	832	1,023	191	22.9%
NDIC/AMCON Cost	2,345	2,581	237	10.1%
Technology Cost	439	828	389	88.6%
Energy Cost	398	346	-52	-13.0%
Security	310	305	-5	-1.7%
Branding & Advert	1,928	2,608	680	35.3%
Other Expenses	2,858	3,027	169	5.9%

Total Expenses: Q1 2017



Total Expenses: Q2 2017



- Total operating expenses dropped by 1.8% YoY to N30.9 billion, however, high inflation rate remains a challenge.
- Staff cost remains the largest cost line, contributing 35.8% and 35.2% in H1 2017 and Q2 2017 respectively.

Cost Dynamics – YoY Breakdown



Breakdown of Operating Expenses: H1 2016 Vs. H1 2017

N'million	H1 2016	H1 2017	VAR	% VAR
Staff Cost	12,030	11,074	(956)	-7.9%
Technology Cost	1,527	1,267	(260)	-17.0%
Depreciation	2,107	1,855	(252)	-11.9%
Bank charges	417	217	(200)	-48.0%
Telephone expenses	216	50	(166)	-76.9%
Outsourced Cost	1,745	1,665	(80)	-4.6%
Security expenses	694	615	(79)	-11.4%
Legal expenses	148	93	(55)	-37.2%
Training expenses	165	127	(38)	-23.0%
Postage and courier expenses	57	35	(22)	-38.6%
Cash movement expenses	277	258	(19)	-6.9%
Travelling and accommodation	294	289	(5)	-1.7%
Stationery expenses	127	132	5	3.9%
Directors' emoluments	115	128	13	11.3%
Insurance expenses	157	172	15	9.6%
NDIC / AMCON Charges	4,909	4,926	17	0.3%
Auditors' remuneration	75	100	25	33.3%
Repairs and maintenance	1,272	1,317	45	3.5%
Consultancy expenses	226	333	107	47.3%
Energy (Electricity & Diesel)	592	744	152	25.6%
Rent and rates	112	394	282	251.8%
Branding & Advert	3,737	4,536	799	21.4%
Other expenses	459	574	115	25.1%
	31,458	30,901	(557)	-1.8%

Cost Dynamics – QoQ Breakdown



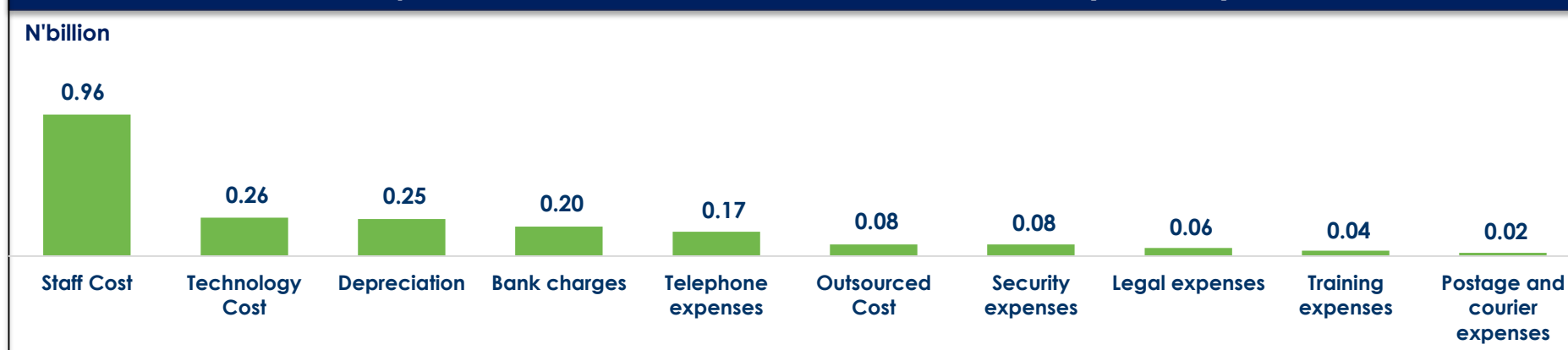
Breakdown of Operating Expenses: Q1 2017 Vs. Q2 2017

N'million	Q1 2017	Q2 2017	VAR	% VAR
Bank charges	147	70	(77)	-52.2%
Repairs & Maintenance	691	626	(64)	-9.3%
Energy (Electricity & Diesel)	398	346	(52)	-13.0%
Legal expenses	71	22	(49)	-69.2%
Cash movement expenses	135	123	(11)	-8.3%
Security expenses	310	305	(5)	-1.7%
Telephone expenses	27	23	(4)	-15.6%
Postage and courier expenses	18	17	(2)	-10.3%
Stationery expenses	65	67	3	4.2%
Insurance expenses	85	87	3	3.5%
Outsourced Cost	827	838	11	1.4%
Directors' emoluments	56	72	17	29.7%
Auditors' remuneration	38	63	25	66.7%
Travelling and accommodation	130	159	29	22.6%
Rent and rates	176	218	43	24.3%
Training expenses	38	89	51	133.9%
Consultancy expenses	110	223	113	102.8%
Depreciation	832	1,023	191	22.9%
NDIC / AMCON Charges	2,345	2,581	237	10.1%
Technology Cost	439	828	389	88.6%
Staff Cost	5,256	5,818	562	10.7%
Branding & Advert	1,928	2,608	680	35.3%
Other expenses	246	328	82	33.1%
	14,365	16,536	2,171	15.1%

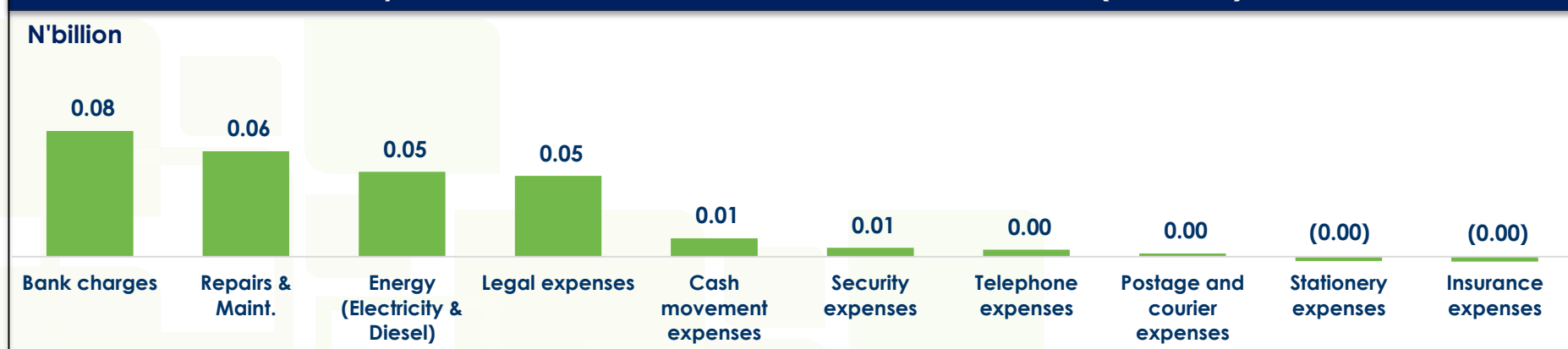
Cost Savings Analysis



Key Drivers in H1 2017: YoY Actual Cost Decrease / (Increase)



Key Drivers in Q2 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.*

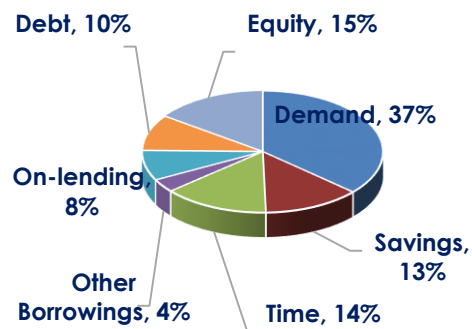


Funding Base Analysis

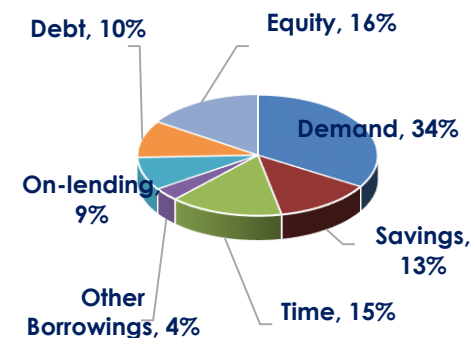


Key Highlights (N'm)	2016 FY	H1 2017	VAR	% VAR
Demand Deposits	453,461	413,619	(39,842)	-8.8%
Savings Deposits	155,019	161,101	6,082	3.9%
Tenor Deposits	184,491	186,349	1,858	1.0%
Other Borrowings	37,219	43,500	6,281	16.9%
On-Lending	99,991	108,103	8,112	8.1%
Debt Securities	121,816	122,258	442	0.4%
Equity	185,402	192,339	6,937	3.7%
Total	1,237,399	1,227,268	(10,131)	-0.8%

Funding Structure: 2016 FY

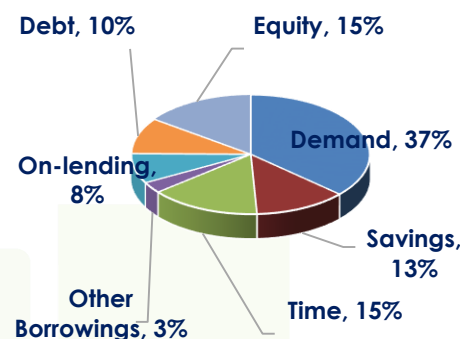


Funding Structure: H1 2017

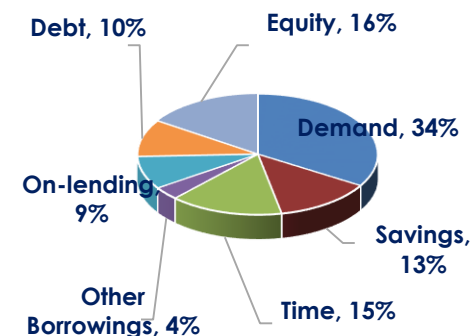


Key Highlights (N'm)	Q3 2016	2016 FY	Q1 2017	Q2 2017
Demand Deposits	470,913	453,461	458,691	413,619
Savings Deposits	143,385	155,019	163,747	161,101
Time Deposits	181,294	184,491	177,810	186,349
Other Borrowings	76,901	37,219	44,196	43,500
On-Lending	102,393	99,991	100,671	108,103
Debt Securities	121,652	121,816	120,736	122,258
Equity	184,984	185,402	189,214	192,339
Total	1,281,523	1,237,399	1,255,064	1,227,268

Funding Structure: Q1 2017



Funding Structure: Q2 2017



➤ Total deposits now represents 62.0% of total funding base (2016FY: 64.1%) and 73.5% of interest bearing liabilities.

Deposits Analysis



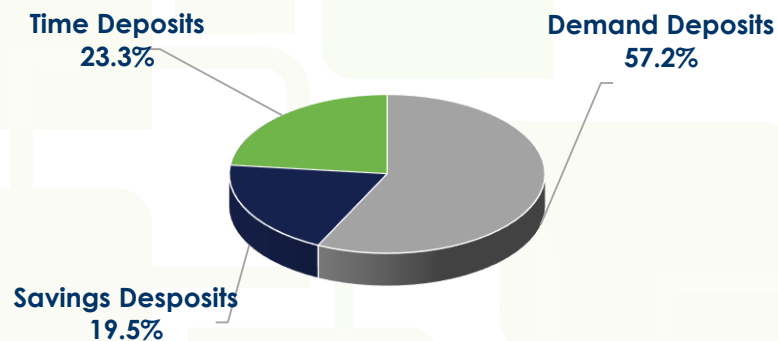
- ▶ Total deposits declined by 4.0% YTD to N761.0 billion as more customers favour investment in government securities due to very high returns compared to term deposits.
- ▶ Nonetheless, savings deposits increased by 3.9% to N161.1 billion representing 21.2% to total deposits in H1 2017.
- ▶ Low cost deposits now constitute 75.5% of total deposits from 76.7% in 2016FY, however, the high interest rate environment has led to a higher average funding cost.

Customer Deposits

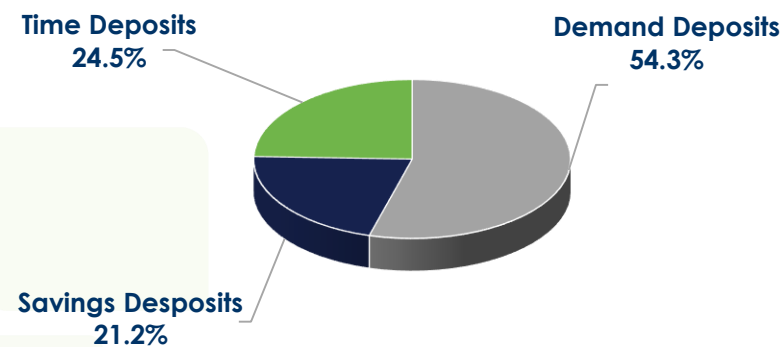
N'billion



Customer Deposits by Type – 2016 FY



Customer Deposits by Type – H1 2017



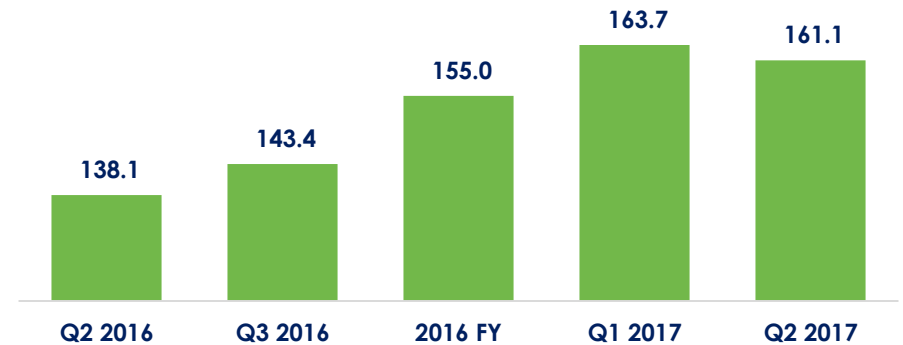
Retail Banking Analysis (Personal Banking)



- ▶ Retail loan book declined as we tightened underwriting standards due to the lower consumer disposable income
- ▶ Total savings deposits increased by 3.9% YTD to N161.1 billion, while it moderated downward QoQ by 1.6%
- ▶ Retail low cost deposits dropped marginally by 0.9%, however, it grew by 2.7% when compared to December 2016.

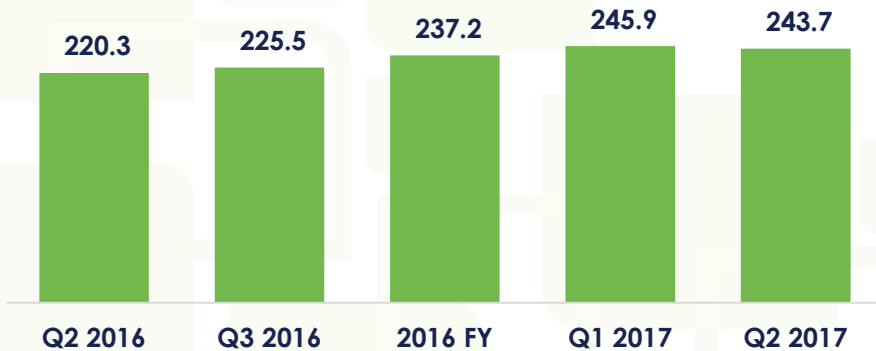
Savings Deposits Trend

N'billion



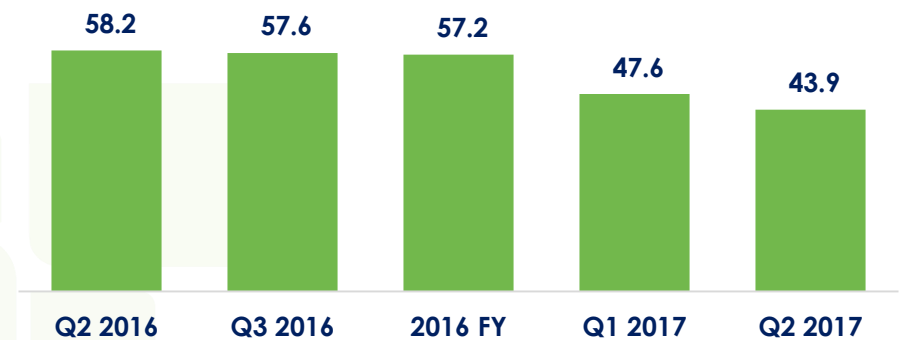
Retail Low Cost Deposits

N'billion

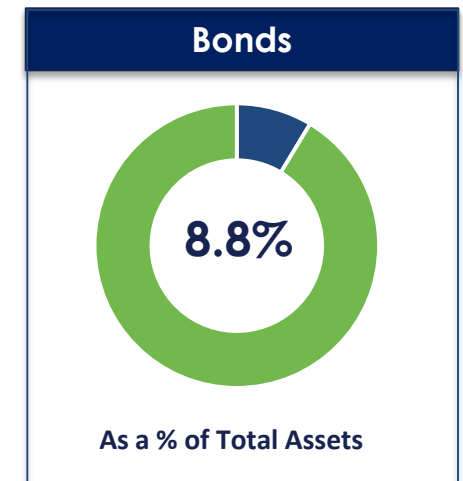
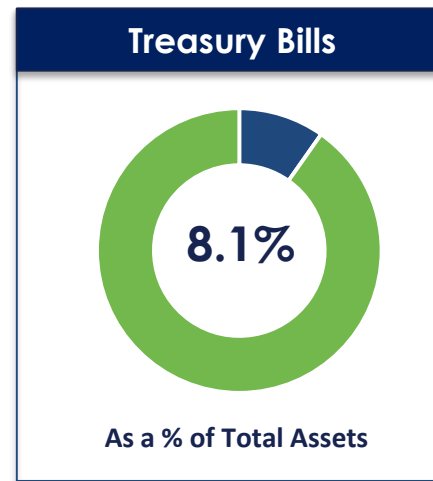
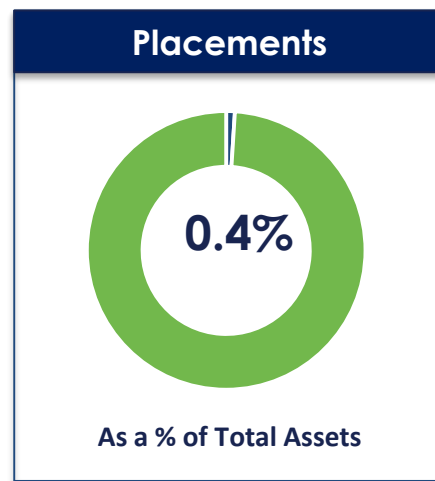
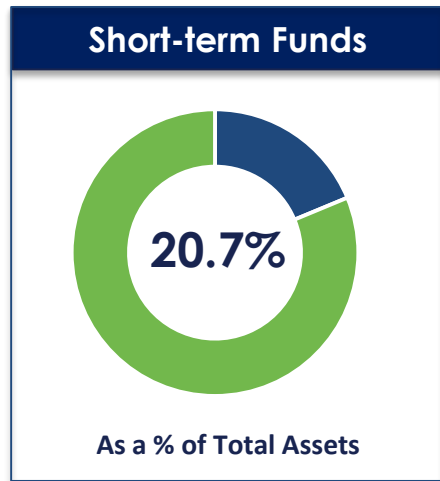


Retail Assets Trend

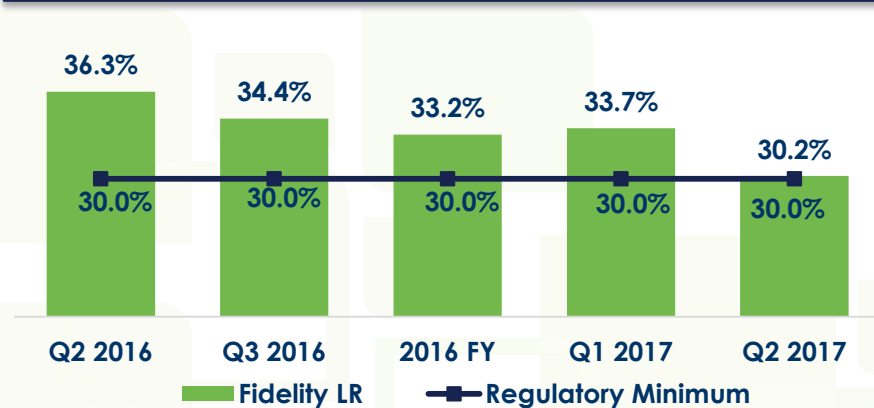
N'billion



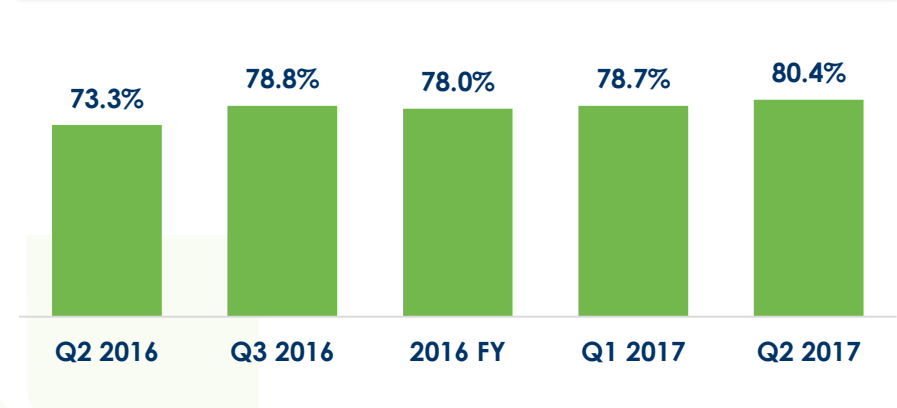
Liquid Assets Position



Liquidity Ratio



% Total Loans to Customer Deposits



- Loan book is funded by deposits, long term borrowings, CBN Intervention funds and debt securities
- Absolute loan to deposit ratio looks high at 95%, however loans to interest bearing liabilities is still below 70%
- Actual LDR above of 80.4% has ONLY factored in CBN bailout funds to states which excludes other intervention funds

Loan Portfolio Analysis



Breakdown of Loans & Advances to Customers: 2016 FY Vs. H1 2017

N'million	2016 FY	H1 2017	VAR	% VAR
Communication	43,566	39,934	-3,632	- 8.3%
Oil and Gas	188,217	199,839	11,623	6.2%
- Upstream	136,161	135,048	-1,113	- 0.8%
- Downstream	18,591	26,221	7,630	41.0%
- Services	33,464	38,570	5,106	15.3%
Power	87,845	91,923	4,078	4.6%
Manufacturing	75,006	74,714	-292	- 0.4%
General Commerce	45,378	48,657	3,279	7.2%
Transport	72,830	68,339	-4,491	- 6.2%
Consumer (Individuals)	57,214	43,908	-13,306	- 23.3%
Government	101,007	105,795	4,788	4.7%
Construction	22,873	26,065	3,192	14.0%
Agriculture	9,740	10,611	871	8.9%
Real Estate	23,000	23,252	252	1.1%
Education	3,474	3,576	102	2.9%
Finance and Insurance	6,310	7,317	1,007	16.0%
Others	6,661	5,365	-1,296	- 19.5%
Total	743,120	749,295	6,175	0.8%

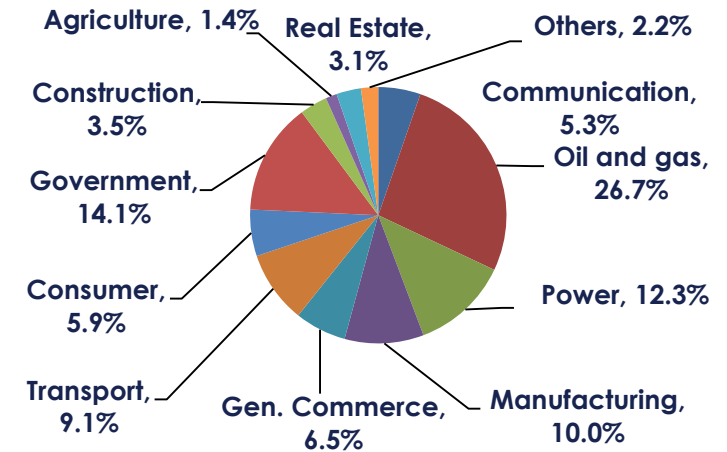
Loan Portfolio Analysis



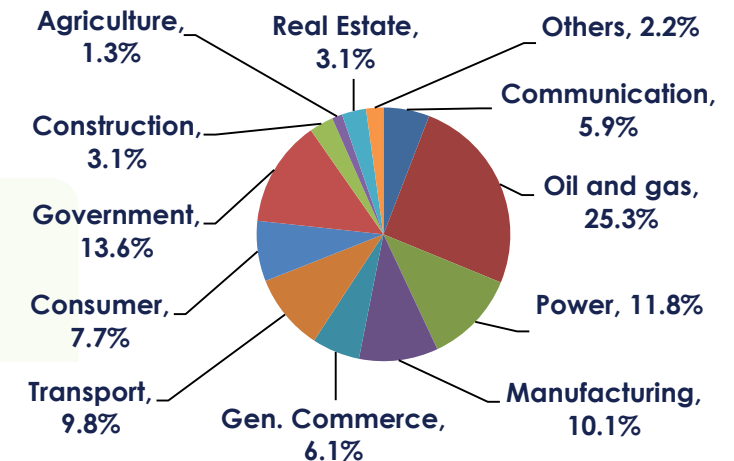
Breakdown of Loans & Advances to Customers

N'million	2016FY	Q1 2017	Q2 2017
Communication	43,566	43,881	39,934
Oil and Gas	188,217	206,402	199,839
- Upstream	136,161	135,143	135,048
- Downstream	18,591	35,551	26,221
- Services	33,464	35,708	38,570
Power	87,845	87,784	91,923
Manufacturing	75,006	79,105	74,714
Gen. Commerce	45,378	46,015	48,657
Transport	72,830	68,739	68,339
Consumer	57,214	47,648	43,908
Government	101,007	102,783	105,795
Construction	22,873	24,088	26,065
Agriculture	9,740	10,831	10,611
Real Estate	23,000	20,766	23,252
Education	3,474	3,786	3,576
Fin. & Insurance	6,310	7,283	7,317
Others	6,661	6,805	5,365
Total	743,120	755,917	749,295

Loan Analysis – H1 2017



Loan Analysis – 2016 FY



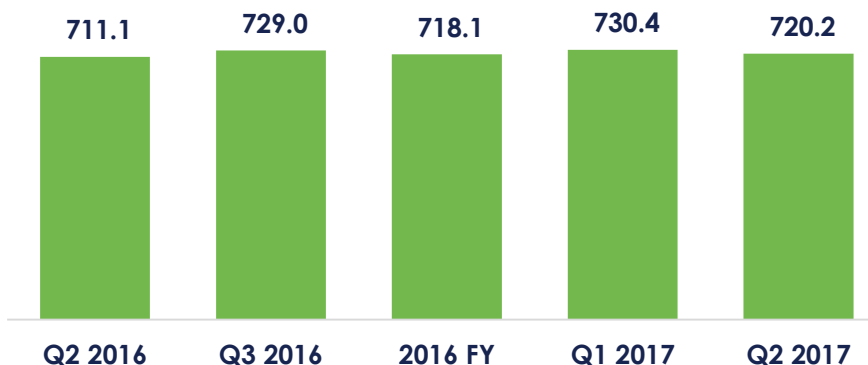
Loan Book Analysis



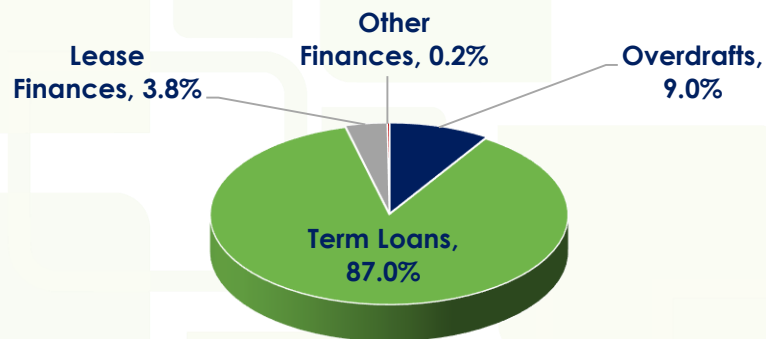
- ▶ Net loans and advances increased by 0.3% YTD to N720.2 billion as we remained cautious of increasing our exposure in selected sectors of the economy.
- ▶ In absolute terms, growth was driven principally by the Downstream Oil & Gas Sector, Agriculture, General Commerce and Construction Sector etc.
- ▶ Cost of risk increased marginally to 1.3% from 1.2% in 2016 FY while our full year guidance in 1.0%.
- ▶ FCY loans now constitute about 41.3% of our total loans from 44.4% in 2016 FY.

Net Loans and Advances to Customers

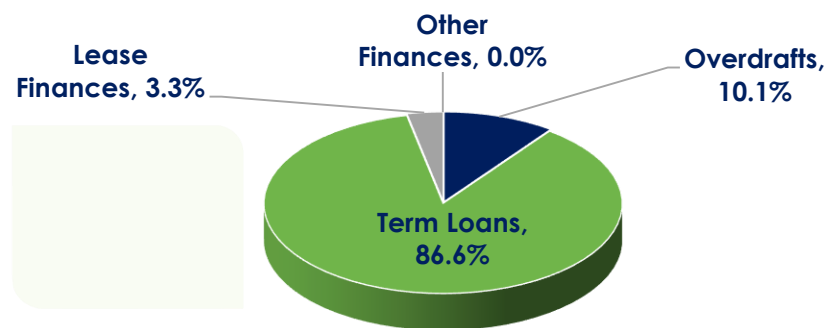
N'billion



Total Loans by Type – 2016 FY



Total Loans by Type – H1 2017



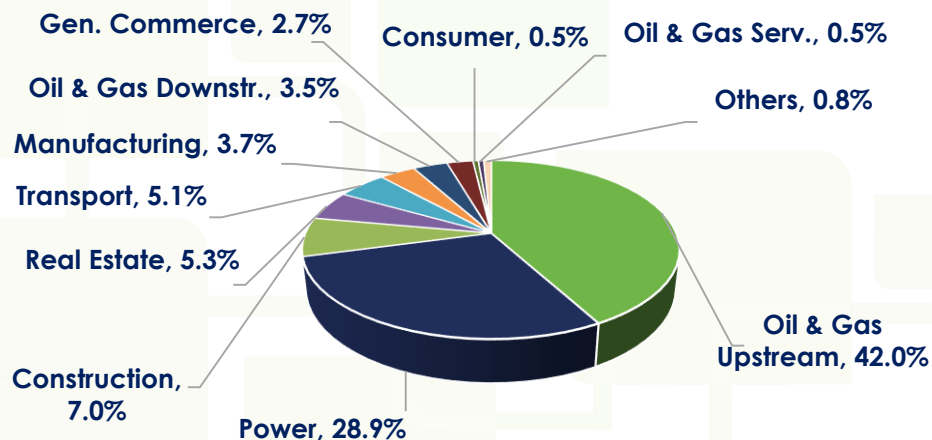
Restructured Loans / Foreign Currency



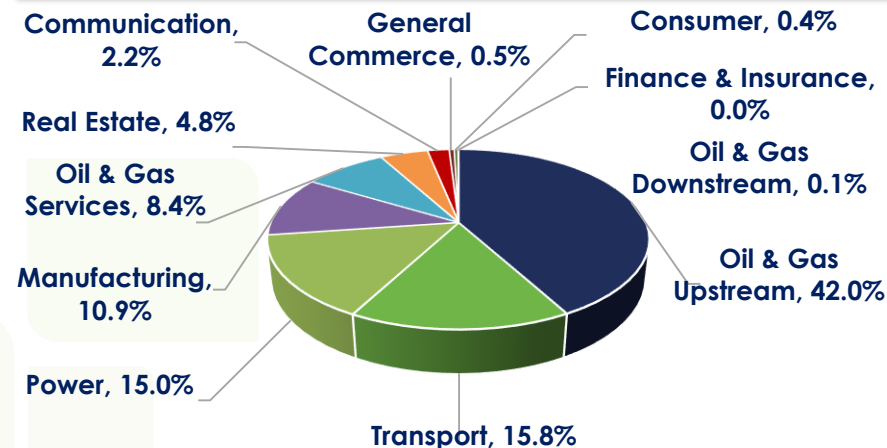
- ▶ Energy, Transport, Power and Manufacturing account for over 80% of our FCY loan book
- ▶ Energy, Power and Construction account for over 80% of all restructured loans . The energy loans are mainly in the Upstream sector due to the decline in Oil Prices in 2015

Foreign Currency Loan Book			
	N'million	% FX Loans	% of Sector
Oil & Gas Upstream	135,048	42.0%	100.0%
Transport	50,775	15.8%	74.3%
Power	48,152	15.0%	52.4%
Manufacturing	34,921	10.9%	46.7%
Oil & Gas Services	27,007	8.4%	70.0%
Real Estate	15,467	4.8%	66.5%
Communication	7,013	2.2%	17.6%
Gen. Commerce	1,632	0.5%	3.4%
Consumer	1,251	0.4%	2.8%
Oil & Gas Downstream	239	0.1%	0.9%
Finance & Insurance	3	0.0%	0.0%
	321,508	100.0%	42.9%

Restructured Loans by Sector



Total FX Loans: % Contribution by Sector



NPL Portfolio Analysis



Breakdown of Non-performing Loans: 2016 FY Vs. H1 2017

	2016 FY N'million	H1 2017 N'million	VAR N'million	% VAR %	2016 FY % NPL	H1 2017 % NPL
Communication	1,492	1,415	-77	-5.2%	3.4%	3.5%
Oil and gas	2,184	2,171	-13	-0.6%	1.2%	1.1%
- Oil & Gas Upstream	0	-	0	0.0%	0.0%	0.0%
- Oil & Gas Downstream	345	414	70	20.2%	1.9%	1.6%
- Oil & Gas Services	1,839	1,756	-82	-4.5%	5.5%	4.6%
Power	158	2	-155	-98.5%	0.2%	0.0%
Manufacturing	10,161	9,844	-317	-3.1%	13.5%	13.2%
General Commerce	10,043	7,934	-2,109	-21.0%	22.1%	16.3%
Transport	14,868	13,325	-1,543	-10.4%	20.4%	19.5%
Consumer (Individuals)	4,826	3,794	-1,032	-21.4%	8.4%	8.6%
Government	50	28	-21	-42.6%	0.0%	0.0%
Construction	629	591	-38	-6.1%	2.7%	2.3%
Agriculture	926	788	-137	-14.8%	9.5%	7.4%
Real Estate	1,509	1,072	-437	-29.0%	6.6%	4.6%
Education	594	516	-78	-13.2%	17.1%	14.4%
Finance and Insurance	237	212	-25	-10.6%	3.8%	2.9%
Others	1,731	1,662	-69	-4.0%	26.0%	31.0%
TOTAL	49,406	43,355	-6,051	-12.2%	6.6%	5.8%

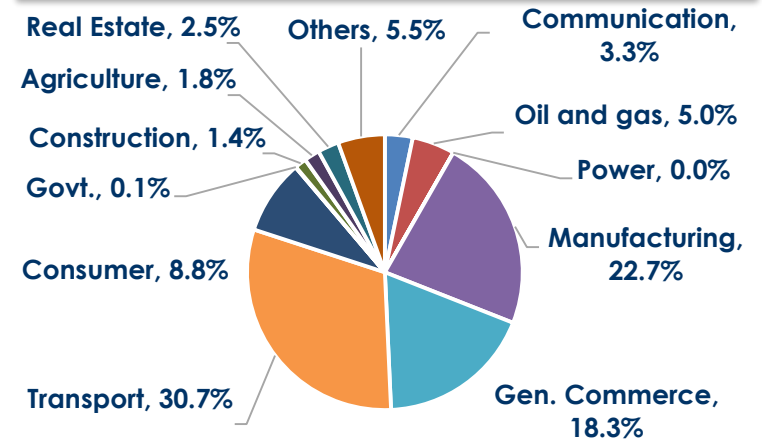
NPL Portfolio Analysis



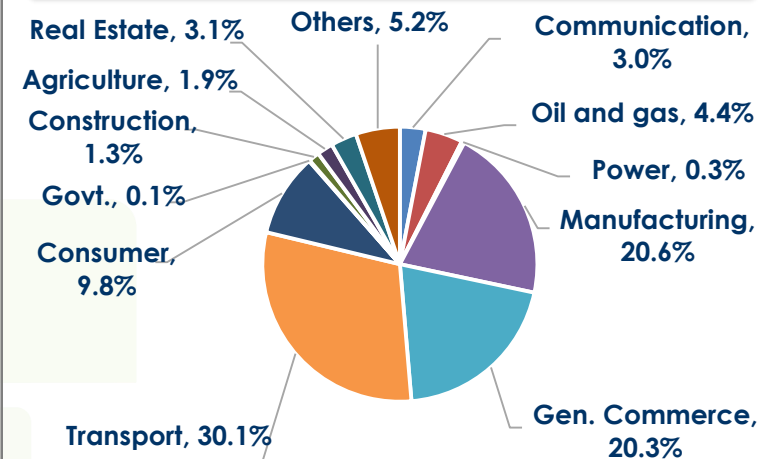
Breakdown of Non-performing Loans

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

NPL Analysis – H1 2017



NPL Analysis – 2016 FY



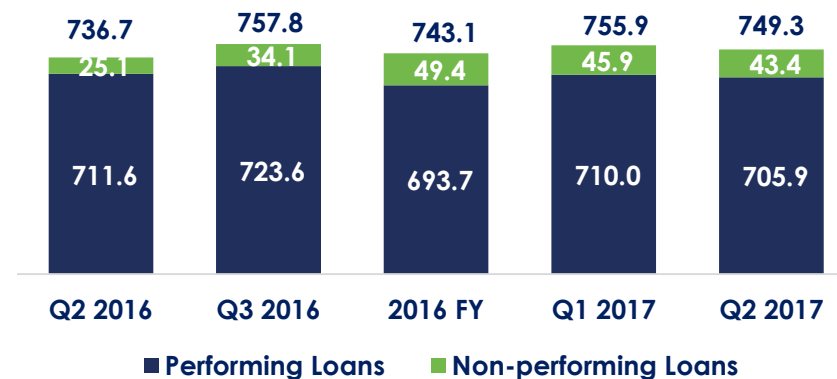
NPL Analysis



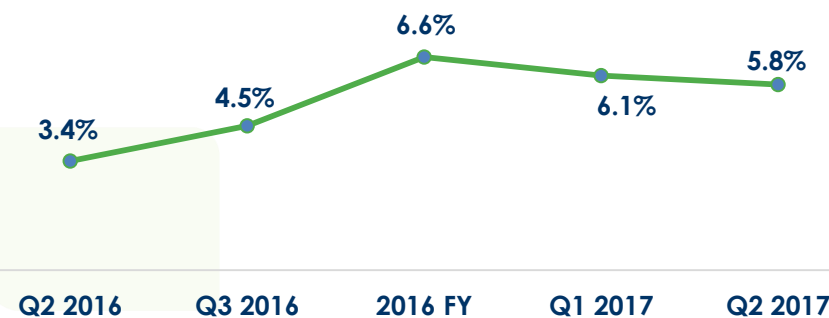
- ▶ NPL ratio improved to 5.8% from 6.6% in 2016 FY due to a 12.2% drop in absolute NPL figures and the growth in the total loan book.
- ▶ The decline in absolute NPL volumes was across all sectors excluding oil and gas downstream sector.
- ▶ Coverage ratio improved to 98.6% in H1 2017 compared to 83.5% reported in 2016 FY.

Gross Loans and Advances

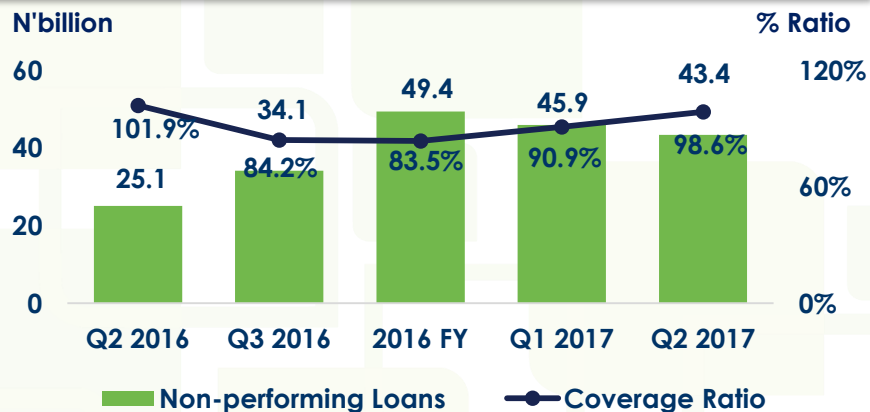
N'billion



Non-performing Loans



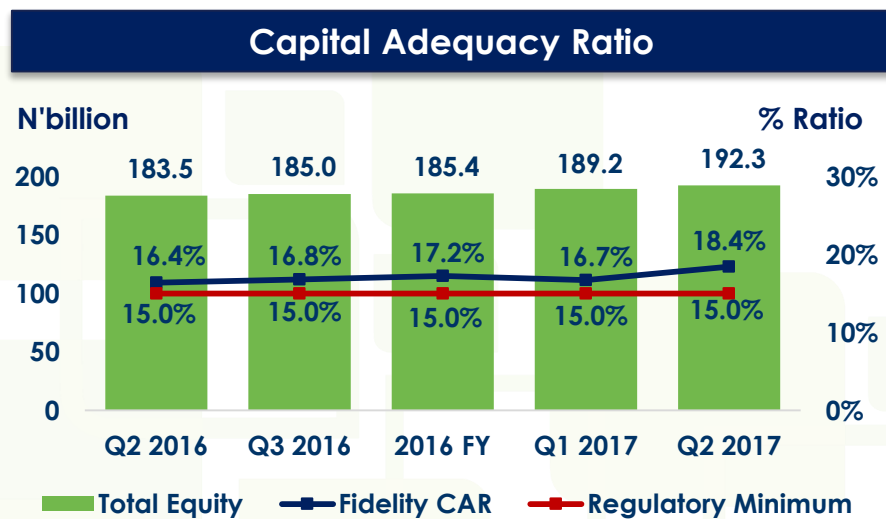
NPL Coverage Ratio



Capital Adequacy



- ▶ Fidelity CAR improved to 18.4% in H1 2017 from 17.2% in 2016FY, which puts it well above the regulatory minimum requirement of 15.0%.
- ▶ The single obligor charge is now N13.0 billion due to the capitalization of H1 2017 profit and an absolute reduction in the net exposure to the customer.
- ▶ Excluding the N13.0 billion capital charge on the Tier 1 capital, CAR would have been 19.5% as at the end of June 2017.



Capital Adequacy Ratio Computation – Basel II			
N'million	2016 FY	H1 2017	VAR
Tier 1 Capital	166.1	173.7	7.6
Regulatory Adjustment	(19.02)	(13.02)	6.0
Adjusted Tier 1 Capital	147.1	160.7	13.6
Tier 2 Capital	49.0	52.7	3.7
Total Qualified Capital	196.1	213.4	17.3
Credit Risk	914.8	914.8	0.0
Market Risk	62.5	82.7	20.2
Operational Risk	160.9	160.9	0.0
Risk Weighted Assets	1,138.3	1,158.4	20.1
Capital Adequacy Ratio			
Tier 1	12.9%	13.9%	
Tier 2	4.3%	4.5%	
Overall CAR	17.2%	18.4%	

Strategic Business Units Analysis

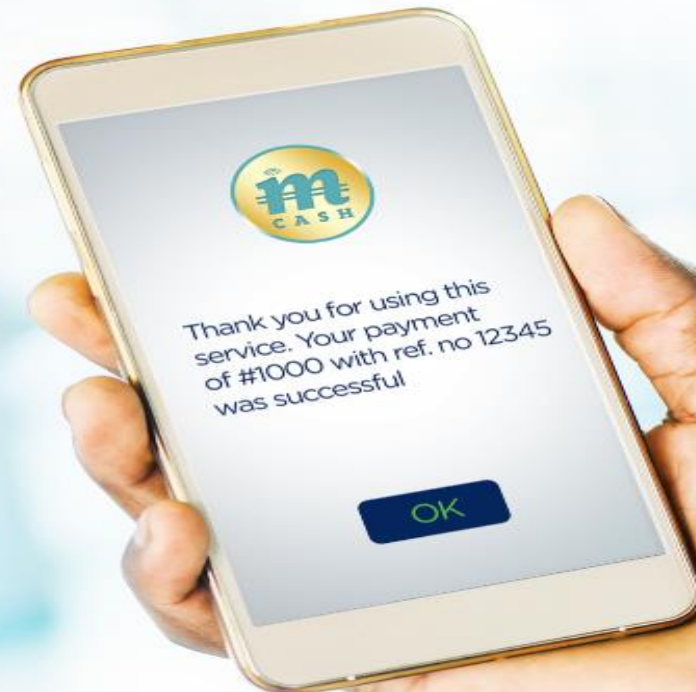


		Location Based Analysis				
		PBT	Deposits	Loans		
<h2>Corporate & Investment Banking</h2>	<p>➤ Handles the bank's institutional clients with turnover in excess of ₦10.0bn.</p> <p>➤ Key focus sectors include:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Oil & gas upstream <input type="checkbox"/> Power & infrastructure <input type="checkbox"/> FMCG <input type="checkbox"/> Agriculture <input type="checkbox"/> Oil & gas downstream <input type="checkbox"/> Telecommunication <input type="checkbox"/> Construction & real est. <input type="checkbox"/> Transport & shipping 					
	<h2>Lagos & SW Bank</h2>	<p>➤ Handles retail, commercial, SME customers, and clients not matching the corporate banking criteria etc.</p> <p>➤ Drives retail deposits, lending, payroll and e-products etc.</p> <p>➤ Operates at 96 locations</p>				
		<h2>North Bank</h2>	<p>➤ Handles retail, commercial, SME customers, and clients not matching the corporate banking criteria etc.</p> <p>➤ Drives retail deposits, lending, payroll and e-products etc.</p> <p>➤ Operates at 56 locations including FCT.</p>			
			<h2>South Bank</h2>	<p>➤ Handles retail, commercial, SME customers, and clients not matching the corporate banking criteria etc.</p> <p>➤ Drives retail deposits, lending, payroll and e-products etc.</p> <p>➤ Operates at 88 locations</p>		

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H1 2017 Actual Vs 2017FY Guidance



GROWTH EXPECTATIONS ON KEY INDICATORS				
S/N	Index	H1 2017 Actual	2017FY Target	Comment
1	Net Interest Margin	7.4%	6.5% -7.0%	On Track
2	Tax Rate	11.6%	15% to 20%	On Track
3	Loan Growth (YTD)	0.3%	7.5%	Behind Target
4	Deposit Growth (YTD)	-4.0%	10.0%	Behind Target
5	Cost - Income Ratio	67.3%	70% Band	On Track
6	Proposed Dividends	N/A	30-50% (of PAT) band	N/A
7	NPL Ratio	5.8%	Below 5%	On Track
8	ROE – Post Tax	9.5%	10%	On Track

Thank You

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