



# Investor Presentation

Unaudited IFRS Financial Results for the 9 Months Ended  
September 2014

# Outline



## 1 Fidelity Overview (MD/CEO)

- 2 Nigerian Economy Overview (Head, Investor Relations)
- 3 Financial Highlights (CFO)
- 4 Financial Review (DH, SIBT)
- 5 Strategic Initiatives Update

# 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.
- ▶ One of the highest CAR amongst Nigerian banks at 22.3% (Basel II), well above the CBN requirement of 15%
- ▶ Over 85% of the branch network is located in key business centres and the most economically viable regions of Nigeria
- ▶ A leading partner to the Nigerian power, oil and gas and telecoms industries

## Distribution Network

Business Offices	
Lagos	77
South West	11
South South	40
South East	42
North West	15
North East	7
North Central	11
FCT Abuja	16

Electronic Banking	
ATMs	663
POS	9,156

## Key Highlights

<b>Total Assets</b>	1,115 million
<b>Total Equity</b>	169.0million
<b>Business Offices</b>	219
<b>No of Accounts</b>	2.8million
<b>Professional Staff Count</b>	3,171
<b>Consumer Sales Agents</b>	923
<b>Ratings</b>	B/B (S&P)/Fitch
<b>Auditors</b>	Ernst & Young / PKF

# Overview of Fidelity Bank



## Recent Awards and Recognitions



Deutsche Bank: Straight-Through-Processing (STP) Excellence Award



Euromoney Project Finance: Africa Oil & Gas Deal of the Year



Web Jurist Awards: Best Bank Website Content



Business day Banking Award: Best Bank in Support of SMEs



Great Place to Work Award



BusinessWorld: Corporate Achievement Award



SERA Award: Most Socially Responsible Bank



Nigeria Telecom awards: Best Telecom financing Bank of the Year



Nigerian Chamber of Shipping: Most Dynamic Maritime Bank

# Outline

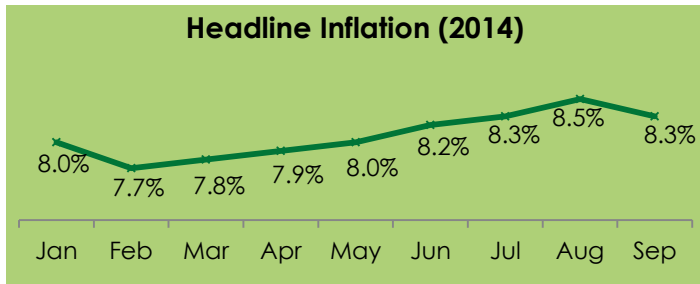


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# Economy: Strong fundamentals, solid growth



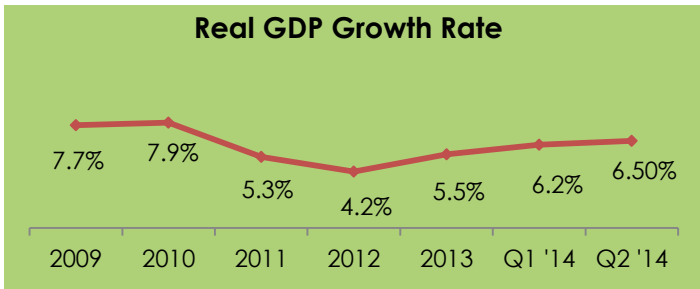
**Headline Inflation (2014)**



## Headline Inflation

- Headline inflation dipped to 8.3% yr-on-yr in Sep 2014, after recording 11 months high in Aug 2014 at 8.5%.
- Moderation in food prices accounted for the drop which reflected on the 30bps reduction in the food sub-index.
- The 2015 election and currency headwinds remain the biggest upside risk to inflation.

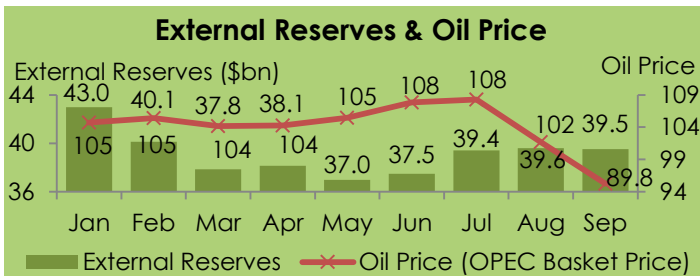
**Real GDP Growth Rate**



## Gross Domestic Product (GDP)

- The revised GDP figure puts the size of the Nigeria's economy at \$514billion, making it the largest economy in Africa
- Service Sector emerged as the largest sector in the economy; accounting for over 53.2% of GDP in Q2-2014 from 52.9% in Q1-2014
- Currently, the highest growing industry is Chemical and Pharmaceutical at 38.5%

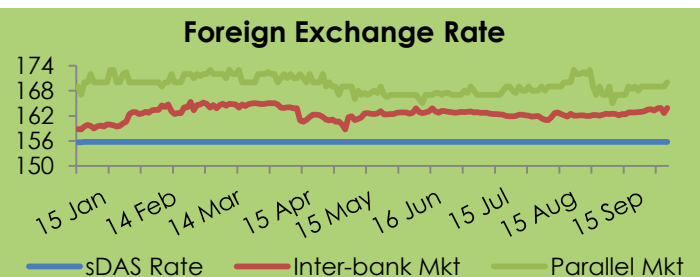
**External Reserves & Oil Price**



## External Reserves & Crude Oil Price

- External reserves have stabilized in the last 3 months, dropping marginally by 0.2% m-on-m to \$39.5bn in Sep 2014 on account of increased crude oil production.
- Bonny-light oil price dropped to a record low of \$89.82/barrel in Sep 2014, reflecting the impact of the US crude oil production boom.
- Biggest threat to external reserves is low crude oil price and high oil theft

**Foreign Exchange Rate**



## Foreign Exchange Rate

- In the last 3 months, FX rates across markets have been volatile except in the CBN WDAS market where rates have remained relatively stable at N155.75/\$
- In the Inter-bank market and the Parallel Market, USD FX rate moved within the band of N160.97 +/-1.8%, and N165.00 +/-4.8% respectively
- We may witness an uptick in rates as the economy begins to feel election pressure

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# Performance Highlight



## Fidelity Brand

- ❑ Tier 2 bank with a strategic focus on the Retail, SME and Corporate Segments
- ❑ 6th largest bank in Nigeria by Equity, 17<sup>th</sup> largest in Africa and 622nd in World
- ❑ Successful issue of \$300 million Eurobond, which was over subscribed
- ❑ Stable, experienced and well regarded management team

## Revenue and Efficiency Ratio

- ❑ Gross Earnings up by 3.5% to N96.0 billion in 9M 2014 (9M 2013: N92.8 billion)
- ❑ Net Interest Income inched up by 42.6% to N36.7 billion (9M 2013: N25.7 billion)
- ❑ PBT dropped by 2.0% to N13.4 billion in 9M 2014 (PAT came in at N11.2 billion)
- ❑ ROE (pre-tax) at 10.4% in 9M 2014; ROA (pre-tax) at 1.6% in 9M 2014

## Asset Quality

- ❑ Cost of Risk dropped to 0.5% in Sep 2014 from 0.9% (Sep 2013)
- ❑ NPL Ratio: 4.4% as at Sep 30 2014, from 3.4% in Sep 2013.
- ❑ NPL Coverage of 92.5% as at Sep 30, 2014
- ❑ Earning Assets remained high at N774.3 billion from N706.1 billion (Sep 2014)

## Capital Adequacy and Liquidity

- ❑ Capital Adequacy Ratio of 22.3%, based on Basel II computation
- ❑ Sound Liquidity Ratio of 34.7% compared to regulatory minimum of 30.0%
- ❑ Improved Net Loans to Customer Deposits to 60.3% from 54.3%
- ❑ Total Equity of N169.0 billion from N162.2 billion



# Financial Highlights



## Summary of Income Statement - 9M 2014 Vs 9M 2013

	9M 2014	9M 2013	VAR	% VAR
<b>Gross Earnings</b>	<b>96,023</b>	<b>92,784</b>	<b>3,239</b>	<b>3.5%</b>
Interest Income Loans	51,614	42,819	8,795	20.5%
Interest Income Liquid Assets	25,204	23,466	1,738	7.4%
<b>Total Interest Income</b>	<b>76,818</b>	<b>66,284</b>	<b>10,534</b>	<b>15.9%</b>
Interest Expense Customer Deposits	(37,608)	(39,296)	1,688	-4.3%
Interest Expense Borrowings	(2,551)	(1,280)	(1,272)	99.4%
<b>Total Interest Expense</b>	<b>(40,160)</b>	<b>(40,576)</b>	<b>417</b>	<b>-1.0%</b>
<b>Net Interest Income</b>	<b>36,658</b>	<b>25,708</b>	<b>10,950</b>	<b>42.6%</b>
FX Income	9,234	13,904	(4,669)	-33.6%
COT	3,356	3,409	(53)	-1.6%
Other Fee Income	7,268	4,599	2,669	58.0%
<b>Total Fee Income</b>	<b>19,859</b>	<b>21,912</b>	<b>(2,054)</b>	<b>-9.4%</b>
<b>Operating Income</b>	<b>56,517</b>	<b>47,620</b>	<b>8,897</b>	<b>18.7%</b>
<b>Total Expenses</b>	<b>(40,577)</b>	<b>(35,613)</b>	<b>(4,964)</b>	<b>13.9%</b>
Net gains / (losses) from Fin. Inst	(653)	4,587	(5,241)	-114.2%
Net Impairment Losses	(1,898)	(2,935)	1,038	-35.3%
<b>Profit before Tax</b>	<b>13,389</b>	<b>13,659</b>	<b>(270)</b>	<b>-2.0%</b>

# Financial Highlights



## Summary of Income Statement– Quarterly Trend

	Q3-2014	Q2-2014	Q1-2014	VAR	% VAR
<b>Gross Earnings</b>	<b>32,765</b>	<b>32,303</b>	<b>30,955</b>	<b>462</b>	<b>1.4%</b>
Interest Income Loans	18,127	16,763	16,724	1,364	8.1%
Interest Income Liquid Assets	7,163	8,497	9,544	(1,334)	-15.7%
<b>Total Interest Income</b>	<b>25,290</b>	<b>25,261</b>	<b>26,268</b>	<b>29</b>	<b>0.1%</b>
Interest Expense Customer Deposits	(12,637)	(12,487)	(12,484)	(150)	1.2%
Interest Expense Borrowings	(781)	(886)	(884)	104	-11.8%
<b>Total Interest Expense</b>	<b>(13,418)</b>	<b>(13,373)</b>	<b>(13,368)</b>	<b>(46)</b>	<b>0.3%</b>
<b>Net Interest Income</b>	<b>11,871</b>	<b>11,888</b>	<b>12,899</b>	<b>(16)</b>	<b>-0.1%</b>
FX Income	3,261	3,056	2,918	205	6.7%
COT	1,199	1,015	1,141	184	18.1%
Other Fee Income	2,420	2,903	1,945	(483)	-16.6%
<b>Total Fee Income</b>	<b>6,880</b>	<b>6,974</b>	<b>6,004</b>	<b>(94)</b>	<b>-1.4%</b>
<b>Operating Income</b>	<b>18,752</b>	<b>18,862</b>	<b>18,903</b>	<b>(111)</b>	<b>-0.6%</b>
<b>Total Expenses</b>	<b>(14,330)</b>	<b>(13,518)</b>	<b>(12,728)</b>	<b>(812)</b>	<b>6.0%</b>
Net gains / (losses) from Fin. Inst	595	68	(1,316)	527	779.2%
Net Impairment Losses	(1,060)	(437)	(401)	(624)	142.8%
<b>Profit before Tax</b>	<b>3,956</b>	<b>4,975</b>	<b>4,458</b>	<b>(1,018)</b>	<b>-20.5%</b>

# Financial Highlights



## Statement of Financial Position: Sep 2014 Vs Sep 2013

	Sep 2014	Sep 2013	VAR	% VAR
<b>Total Assets</b>	<b>1,115,922</b>	<b>1,030,433</b>	<b>85,488</b>	<b>8.3%</b>
<b>Earning Assets</b>	<b>774,260</b>	<b>706,064</b>	<b>68,196</b>	<b>9.7%</b>
Bank Placements	26,900	3,000	23,900	796.7%
Treasury Bills	189,770	190,952	-1,182	-0.6%
Bonds	68,084	100,312	-32,228	-32.1%
Customer Loans (Naira)	319,382	300,172	19,210	6.4%
Customer Loans (FCY)	170,124	111,629	58,495	52.4%
<b>Non-Earning Assets</b>	<b>341,661</b>	<b>324,369</b>	<b>17,292</b>	<b>5.3%</b>
Cash	22,900	35,382	-12,482	-35.3%
Balances with CBN/Settlement Acct.	171,443	158,765	12,678	8.0%
Balances with other Banks	80,785	56,986	23,800	41.8%
Fixed Assets	37,142	36,931	211	0.6%
All Other Assets	29,391	36,306	-6,915	-19.0%
<b>Interest Bearing Liabilities</b>	<b>889,709</b>	<b>821,115</b>	<b>68,594</b>	<b>8.4%</b>
Demand	417,975	369,802	48,173	13.0%
Savings	86,314	73,651	12,663	17.2%
Time Deposits	307,569	315,164	-7,596	-2.4%
Borrowings	29,448	15,730	13,718	87.2%
Eurobond	48,404	46,768	1,637	3.5%
<b>All Other Liabilities</b>	<b>57,182</b>	<b>47,132</b>	<b>10,050</b>	<b>21.3%</b>
<b>Equity</b>	<b>169,031</b>	<b>162,186</b>	<b>6,845</b>	<b>4.2%</b>

# Financial Highlights



## Statement of Financial Position: Quarterly Trend

	Sep 2014	Jun 2014	Mar 2014	VAR	% VAR
<b>Total Assets</b>	<b>1,115,922</b>	<b>1,058,235</b>	<b>1,042,962</b>	<b>57,686</b>	<b>5.5%</b>
<b>Earning Assets</b>	<b>774,260</b>	<b>718,383</b>	<b>698,829</b>	<b>55,877</b>	<b>7.8%</b>
Bank Placements	26,900	23,450	9,500	3,450	14.7%
Treasury Bills	189,770	190,807	187,940	(1,037)	-0.5%
Bonds	68,084	65,997	74,888	2,087	3.2%
Customer Loans (Naira)	319,382	316,283	306,917	3,099	1.0%
Customer Loans (FCY)	170,124	121,846	119,584	48,278	39.6%
<b>Non-Earning Assets</b>	<b>341,661</b>	<b>339,852</b>	<b>344,134</b>	<b>1,809</b>	<b>0.5%</b>
Cash	22,900	22,157	24,518	743	3.4%
Balances with CBN/Settlement Acct.	171,443	188,947	183,675	(17,503)	-9.3%
Balances with other Banks	80,785	56,100	73,417	24,685	44.0%
Fixed Assets	37,142	37,025	36,945	116	0.3%
All Other Assets	29,391	35,623	25,579	(6,232)	-17.5%
<b>Interest Bearing Liabilities</b>	<b>889,709</b>	<b>842,617</b>	<b>825,416</b>	<b>47,092</b>	<b>5.6%</b>
Demand	417,975	368,597	373,935	49,377	13.4%
Savings	86,314	82,301	82,842	4,012	4.9%
Time Deposits	307,569	314,877	295,496	(7,308)	-2.3%
Borrowings	29,448	29,340	23,100	108	0.4%
Eurobond	48,404	47,502	50,043	902	1.9%
<b>All Other Liabilities</b>	<b>57,182</b>	<b>49,241</b>	<b>50,172</b>	<b>7,941</b>	<b>16.1%</b>
<b>Equity</b>	<b>169,031</b>	<b>166,377</b>	<b>167,374</b>	<b>2,654</b>	<b>1.6%</b>

## Financial Highlights

- ❑ Operating income was flat during the quarter due to the declining yields on government securities, however PBT declined by 2.0% due to the increased cost base and loan provisions.
- ❑ Yields on liquid assets moderated downwards in Q3 2014 compared to Q2-2014, resulting in N1.3 billion drop in discounted interest income on financial instruments.
- ❑ Interest income increased in 9M 2014 driven by the 18.9% growth in net loans and advances to customers as well as better pricing of risk assets.
- ❑ Total fee and commission income moderated downwards by 9.4% to N19.9 billion from N21.9 billion reported in 9M 2013 basically driven by a reduction in foreign exchange earnings
- ❑ Continued focus on cheap deposits is yielding positive results as evidenced in the declining cost of deposits and falling interest expense despite the growth in customer deposits. In 9M 2014, interest expense declined by 1.0% though deposits grew by 7.0%.
- ❑ Funding cost from interest bearing liabilities was somewhat flat between Q1 2014 and Q3 2014, dropping marginally by 60 basis points in 9M 2014 compared to 9M 2013 despite the prevailing high interest rate environment and increased monetary tightening.

# Outline

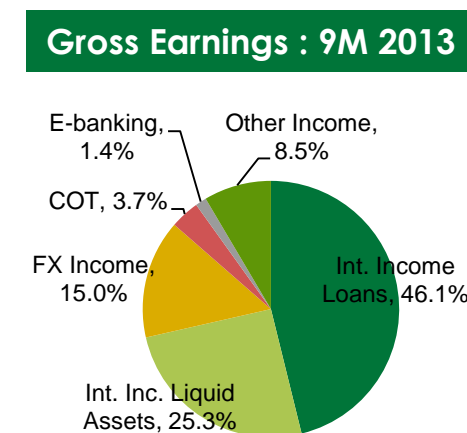
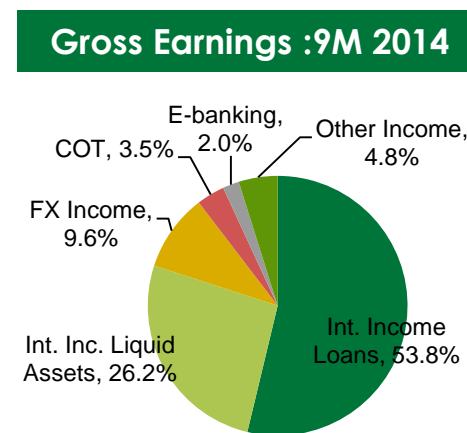


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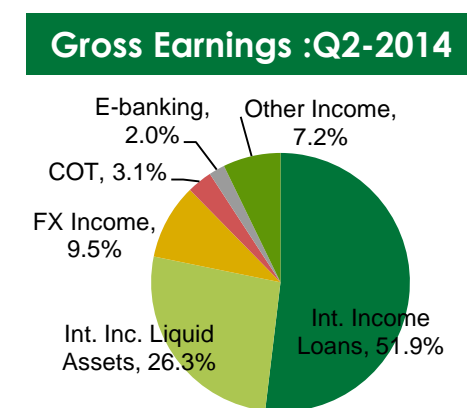
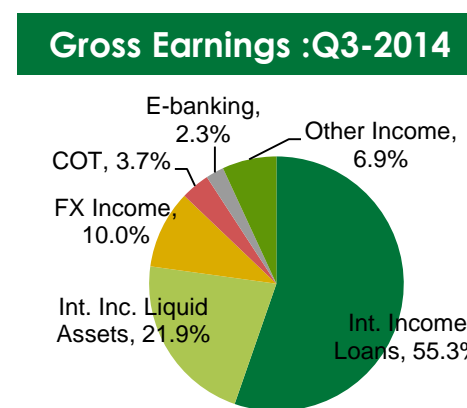
# Gross Earnings Analysis



Key Highlight (N'million)	9M 2014	9M 2013	2013 FYE
<b>Gross Earnings</b>	<b>96,023</b>	<b>92,784</b>	<b>126,918</b>
Interest Income Loans	51,614	42,819	51,017
Interest Income Liquid Assets	25,204	23,466	35,240
FX Income	9,234	13,904	18,425
Comm. on Turnover (COT)	3,356	3,409	4,578
Credit Related Fee	487	1,189	1,359
E-banking Income	1,964	1,302	1,804
Other Income	4,818	2,108	6,706
Net Gains/Losses from Fin. Inst.	(653)	4,587	7,789



Key Highlight (N'million)	Q3 2014	Q2 2014	Q1 2014
<b>Gross Earnings</b>	<b>32,765</b>	<b>32,303</b>	<b>30,955</b>
Interest Income Loans	18,127	16,763	16,724
Interest Income Liquid Assets	7,163	8,497	9,544
FX Income	3,261	3,056	2,918
Comm. on Turnover (COT)	1,199	1,015	1,141
Credit Related Fee	153	217	117
E-banking Income	756	645	564
Other Income	1,512	2,041	1,265
Net Gains/Losses from Fin. Inst.	595	68	(1,316)

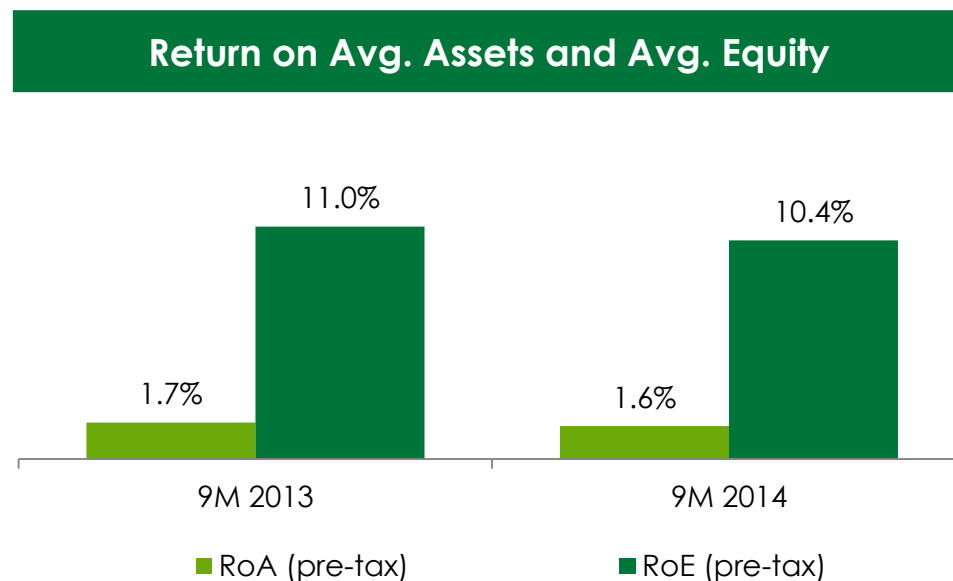
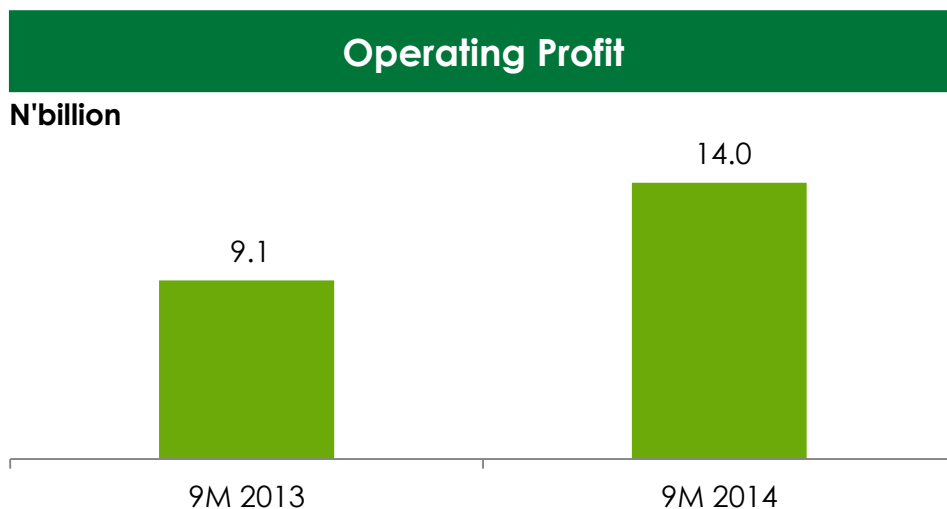
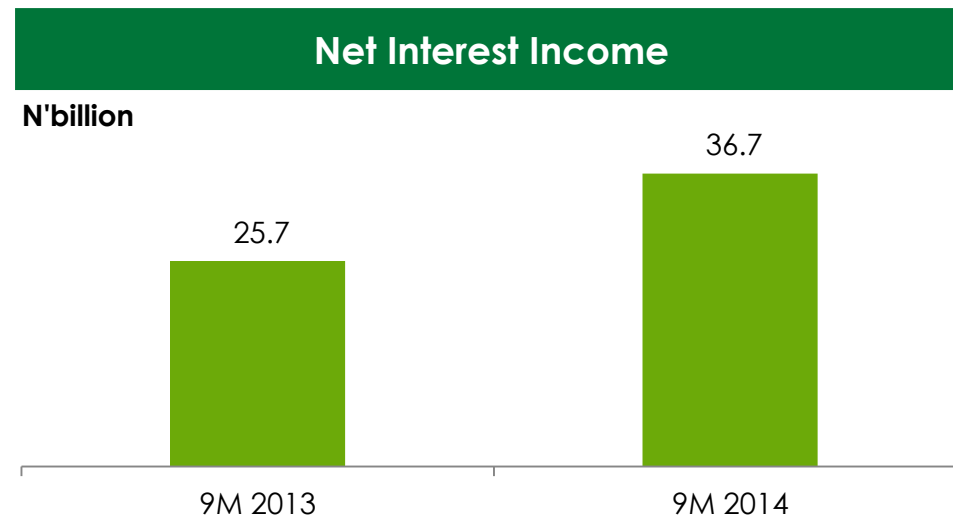


- Sustained positive growth in gross earnings driven by an increase in interest income from loans and advances
- Interest income from investment securities was low due to negative market movement
- Regulatory constraints in foreign exchange trading moderated FX income, though slight tick up was recorded in Q3 - 2014

# Efficiency Ratio



- ▶ Net interest income grew by 42.6%, driven largely by 18.9% growth in loans which resulted in 20.5% growth in interest income on loans.
- ▶ Operating income increased by 18.7%, though cost pressures and net losses on financial instruments caused a 2.0% drop in PBT from N13.7million to N13.4million.
- ▶ RoE and RoA came in low at 10.4% and 1.6% respectively, we expect the optimization of our balance sheet to result in improved earnings in Q4 - 2014



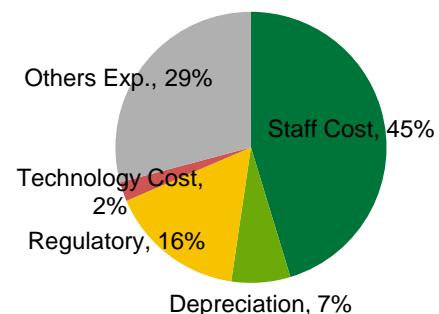


# Expense Analysis

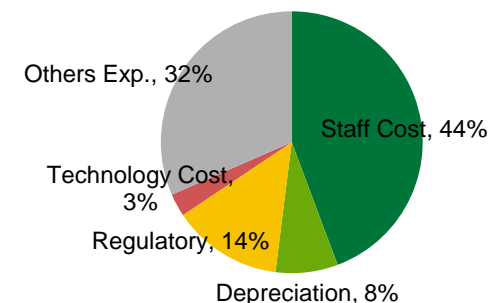


Key Highlight (N'million)	9M 2014	9M 2013	2013 FYE
<b>Total Expenses</b>	<b>40,577</b>	<b>35,613</b>	<b>54,815</b>
Staff	18,380	15,776	25,629
Depreciation	2,853	2,741	3,211
Regulatory (NDIC/AMCON)	6,578	4,849	7,904
Technology Cost	935	1,010	1,354
Power	732	676	923
Security	877	652	977
Advert	557	665	1,067
Other Expenses	9,665	9,245	13,750

Operating Exp: 9M 2014

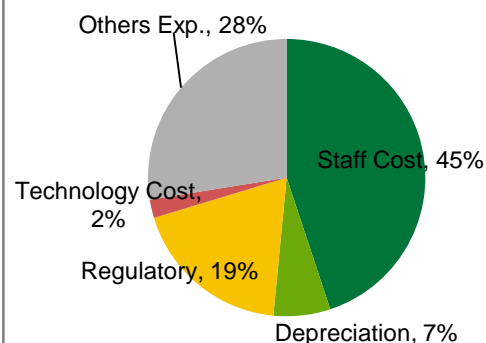


Operating Exp: 9M 2013

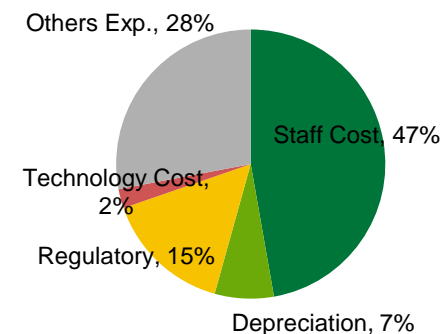


Key Highlight (N'million)	Q3 2014	Q2 2014	Q1 2014
<b>Total Expenses</b>	<b>14,330</b>	<b>13,518</b>	<b>12,728</b>
Staff	6,436	6,385	5,559
Depreciation	949	959	945
Regulatory (NDIC/AMCON)	2,691	2,079	1,807
Technology Cost	308	311	316
Power	246	259	227
Security	299	295	282
Advert	122	292	143
Other Expenses	3,279	2,937	3,449

Operating Exp: Q3-2014



Operating Exp: Q2-2014



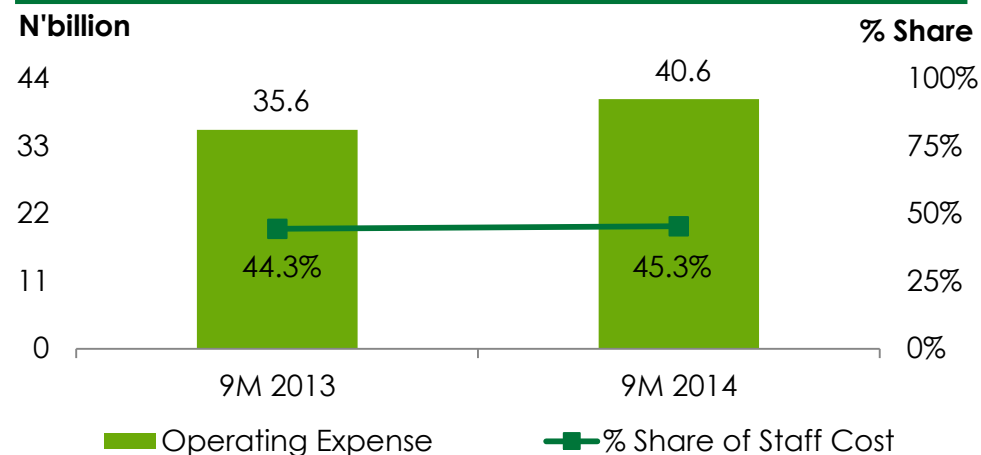
- Increased staff remuneration and regulatory charges (NDIC/AMCON) kept operating expenses high at N40.6 billion in 9M 2014
- Benefits of cost management programs are beginning to rein in some cost lines e.g. power (diesel and electricity) usage in branches especially in Q3 – 2014.

# Cost Dynamics

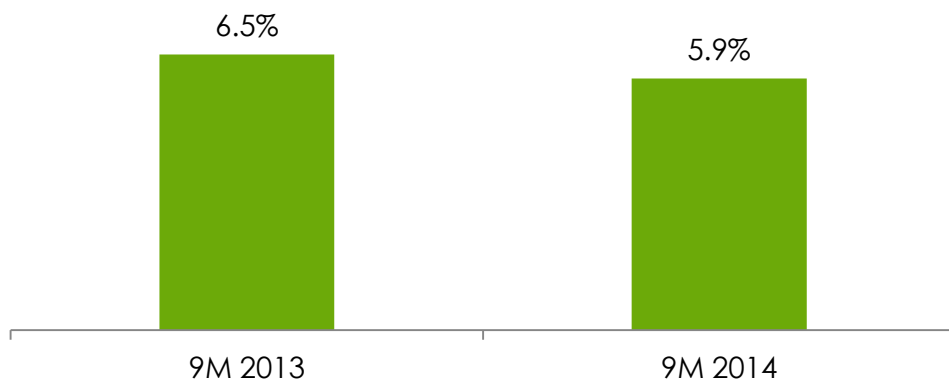


- ▶ Staff cost remains the largest contributor to operating expense. With continued optimization of processes, the impact of staffing new branches would be moderate in Q4 - 2014.
- ▶ Cost – income ratio stood high at 72.6% despite falling overall cost of funds currently at 5.9% from 6.5%.
- ▶ The benefits of new branches coming on stream would be reflected on cheap deposit mobilization, thus dropping the cost-income ratio.

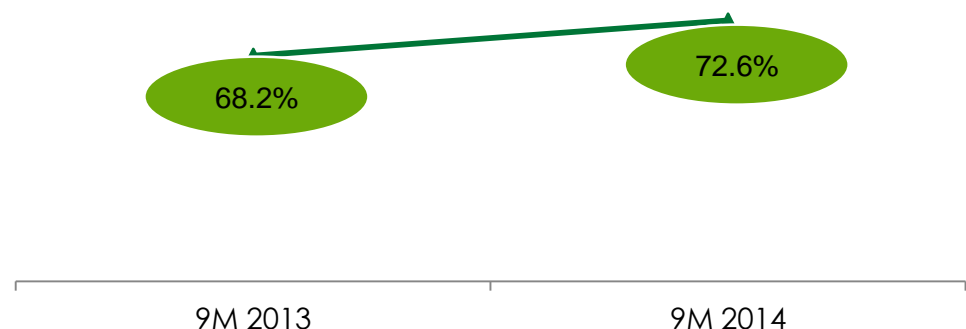
## Operating Expenses & Staff Cost



## Cost of Funds



## Cost – Income Ratio



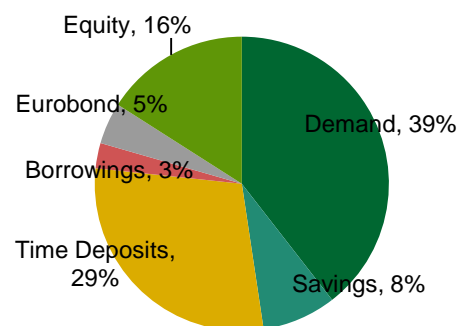
Cost of funds is total interest expenses / customer deposits plus long term debt

# Funding Structure

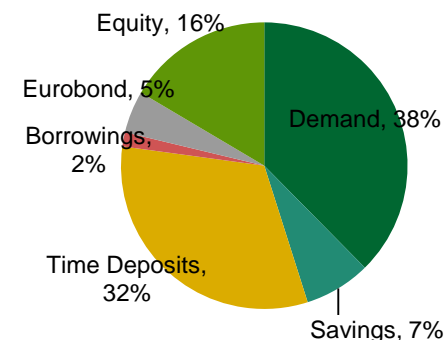


Key Highlights (N'm)	Sep 2014	Sep 2013	Dec 2013
Demand Deposits	417,975	369,802	447,968
Savings Deposits	86,314	73,651	89,202
Time Deposits	307,569	315,164	269,150
Borrowings	29,448	15,730	22,484
Eurobonds	48,404	46,768	47,844
Equity	169,031	162,186	163,455
<b>Total</b>	<b>1,058,740</b>	<b>983,301</b>	<b>1,040,103</b>

Funding Structure: Sep 2014

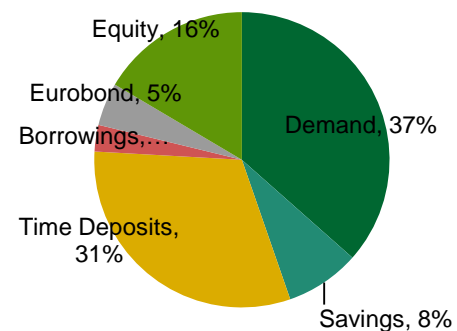


Funding Structure: Sep 2013

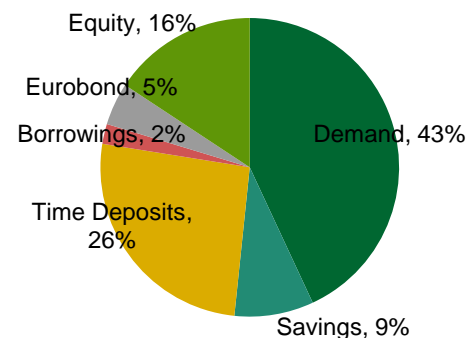


Key Highlights (N'm)	Sep 2014	Jun 2014	Mar 2014
Demand Deposits	417,975	368,597	373,935
Savings Deposits	86,314	82,301	82,842
Time Deposits	307,569	314,877	295,496
Borrowings	29,448	29,340	23,100
Eurobonds	48,404	47,502	50,043
Equity	169,031	166,377	167,374
<b>Total</b>	<b>1,058,740</b>	<b>1,008,994</b>	<b>992,790</b>

Funding Structure: Jun 2014



Funding Structure: Dec 2013



- Sustained positive growth in liability generation, which provides sufficient headroom for lending and trading activities.
- Customer deposits represents about 76.7% of total funding base with equity coming in at 16.0% and debt at 7.4%.
- We are beginning to see some traction in our retail banking initiatives as the revised DSA model drives savings deposit growth.

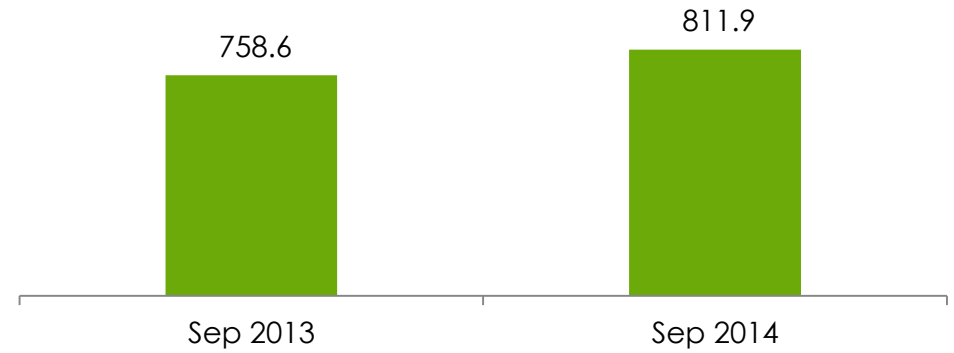
# Strong Funding Base



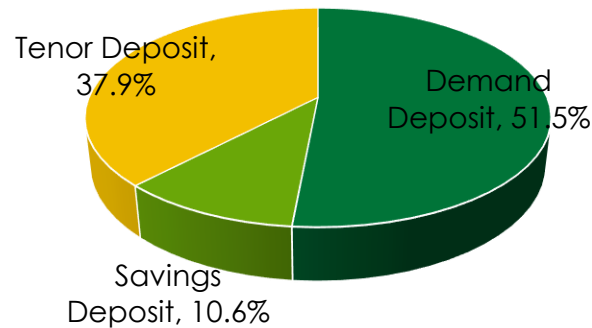
- ▶ Deposit has been appropriately matched against short-term obligations as we continue to optimize our balance sheet.
- ▶ Deposit mix improved in Sep 2014 as the ratio of cheap deposits to total customer deposits increased to 62.1% from 57.6% in Sep 2013.
- ▶ Interest expense on deposits declined by 1.0%, though total deposits grew by 7.0% reflecting improved deposit mix.

## Customer Deposits

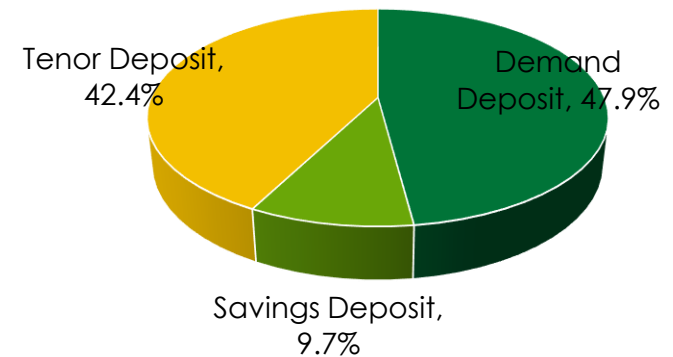
N'billion



## Customer Deposits by Type – Sep 2014



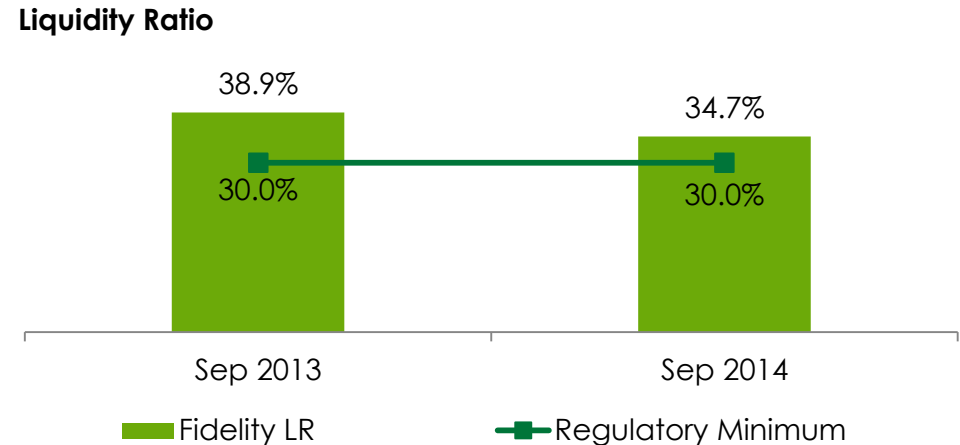
## Customer Deposits by Type – Sep 2013



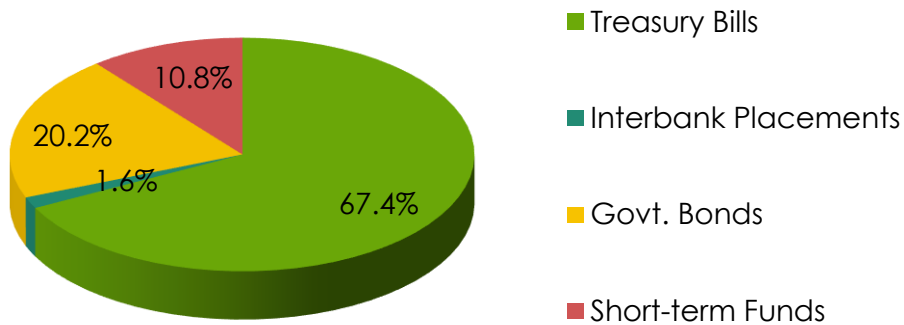
# Sound Liquidity Position

- ▶ Liquidity ratio has consistently stood well above regulatory minimum of 30.0%
- ▶ Currently, 89.2% of qualified liquid assets is invested in treasury bills, government and corporate bonds and the inter-bank securities which provide good risk free returns.
- ▶ Efficient reallocation of liquid assets as we optimize the balance sheet would help to deliver improved earnings in Q4 – 2014.

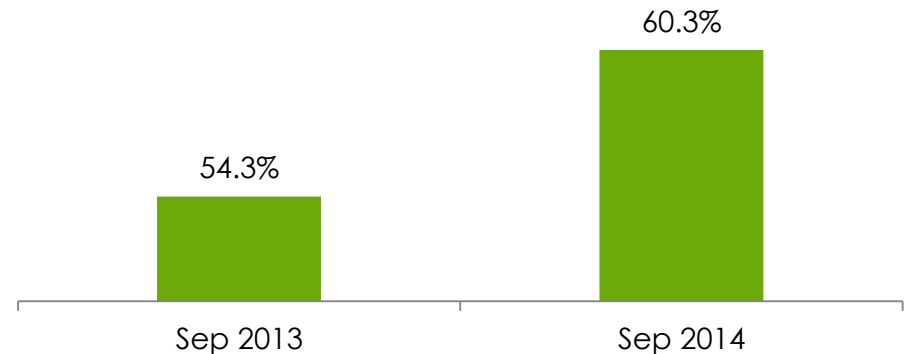
## Liquidity Ratio



## Composition Liquid Assets



## % Net Loans to Customer Deposits



# Portfolio Analysis



## Breakdown of Loans & Advances: Sep 2014 Vs Sep 2013

	Sep 2014	Sep 2013	VAR	% VAR
Communication	86,204	89,608	(3,404)	-3.8%
Oil and gas	122,410	61,265	61,146	99.8%
Power	46,652	44,742	1,910	4.3%
Manufacturing	31,408	28,491	2,917	10.2%
General Commerce	44,110	49,317	(5,207)	-10.6%
Transport	35,659	19,822	15,837	79.9%
Consumer (Individuals)	36,482	26,846	9,636	35.9%
Government	30,259	33,914	(3,655)	-10.8%
Construction	16,398	16,976	(578)	-3.4%
Agriculture	12,854	7,283	5,571	76.5%
Real Estate	10,047	5,388	4,659	86.5%
Education	189	2,081	(1,892)	-90.9%
Finance and Insurance	688	589	99	16.8%
Others	36,953	41,797	(4,844)	-11.6%
<b>TOTAL</b>	<b>510,314</b>	<b>428,119</b>	<b>82,195</b>	<b>19.2%</b>

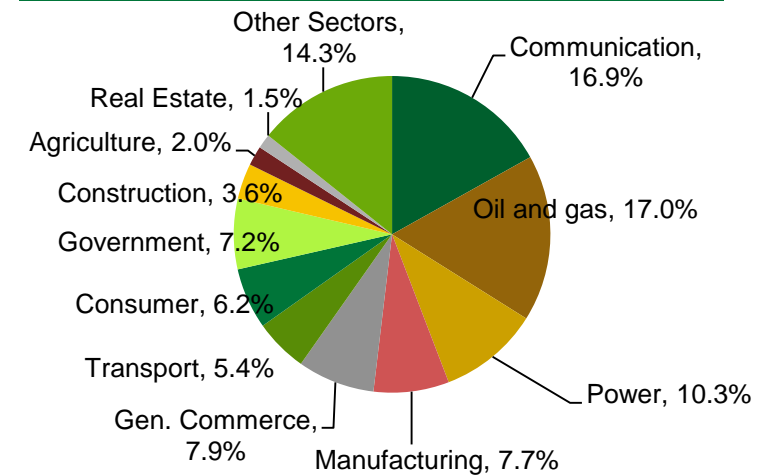
# Portfolio Analysis



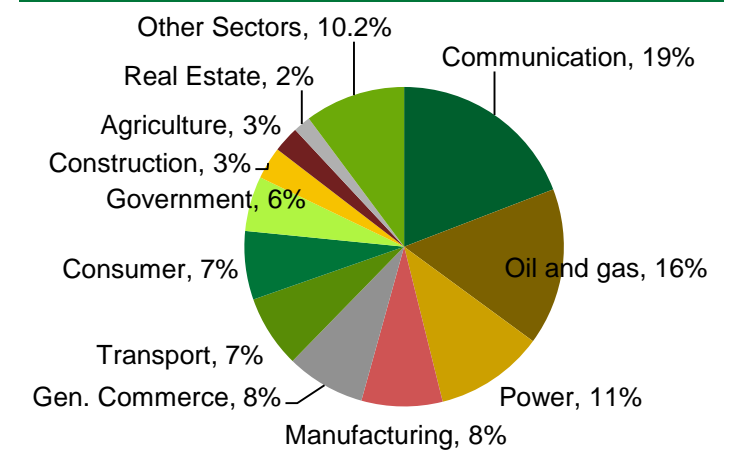
## Breakdown of Loans & Advances

	Sep 2014	Jun 2014	Mar 2014
Communication	86,204	87,229	87,973
Oil and gas	122,410	72,451	68,272
Power	46,652	50,306	48,645
Manufacturing	31,408	37,321	33,232
General Commerce	44,110	36,391	39,579
Transport	35,659	33,396	27,036
Consumer (Individuals)	36,482	31,604	29,471
Government	30,259	25,344	26,130
Construction	16,398	14,927	14,637
Agriculture	12,854	12,010	10,402
Real Estate	10,047	8,028	7,203
Education	189	1,631	2,045
Finance and Insurance	688	784	1,003
Others	36,953	43,932	47,847
<b>TOTAL</b>	<b>510,314</b>	<b>455,354</b>	<b>443,475</b>

## Portfolio Analysis – Sep 2014



## Portfolio Analysis – Jun 2014



# Portfolio Analysis



## Breakdown of Non-performing Loans: Sep 2014 Vs Sep 2013

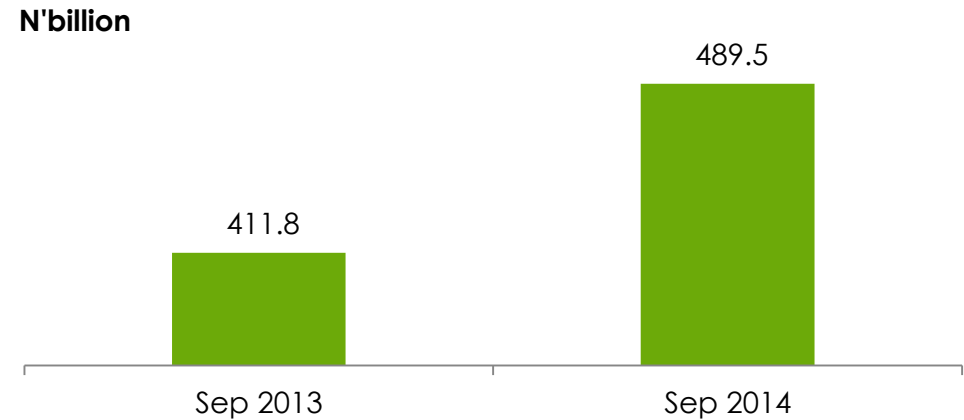
	Sep 2014			Sep 2013		
	N'million	% Contr.	% NPL	N'million	% Contr.	% NPL
Communication	4,458	19.8%	5.2%	10	0.1%	0.0%
Oil and gas	2,167	9.6%	1.8%	2,795	19.2%	4.6%
Power	0	0.0%	0.0%	0	0.0%	0.0%
Manufacturing	6,903	30.7%	22.0%	5,307	36.5%	18.6%
General Commerce	3,396	15.1%	7.7%	2,262	15.5%	4.6%
Transport	1,624	7.2%	4.6%	2,031	14.0%	10.2%
Consumer (Individuals)	277	1.2%	0.8%	66	0.5%	0.2%
Government	54	0.2%	0.2%	649	4.5%	1.9%
Construction	480	2.1%	2.9%	575	4.0%	3.4%
Agriculture	633	2.8%	4.9%	0	0.0%	0.0%
Real Estate	97	0.4%	1.0%	130	0.9%	2.4%
Education	177	0.8%	94.0%	97	0.7%	4.6%
Finance and Insurance	308	1.4%	44.8%	261	1.8%	44.3%
Others	1,919	8.5%	5.2%	377	2.6%	0.9%
<b>TOTAL</b>	<b>22,495</b>	<b>100%</b>	<b>4.4%</b>	<b>14,560</b>	<b>100%</b>	<b>3.40%</b>



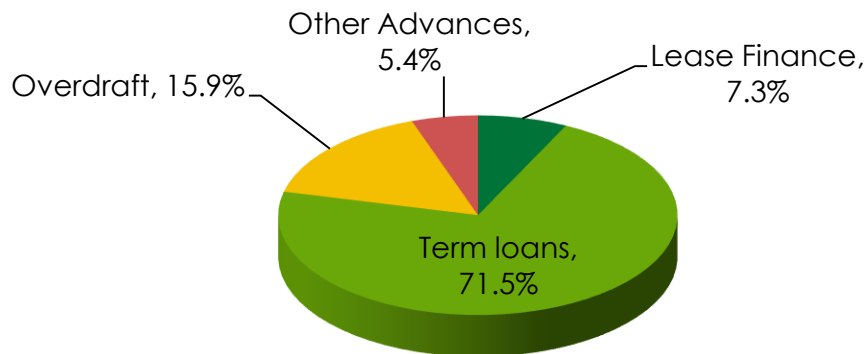
# Diversified Loan Book

- ▶ Large concentration of loans in the corporate market segment, though SME tailored financing witnessed 106% growth between Jun 2014 and Sep 2014.
- ▶ We will continue to grow our loan book responsibly by achieving a diversified portfolio and optimal currency mix to moderate our exposure to FX risk on foreign currency debts.
- ▶ Whilst we continue to exploit opportunities in the corporate market, the bank is poised for a strong and long play in the retail credit market.

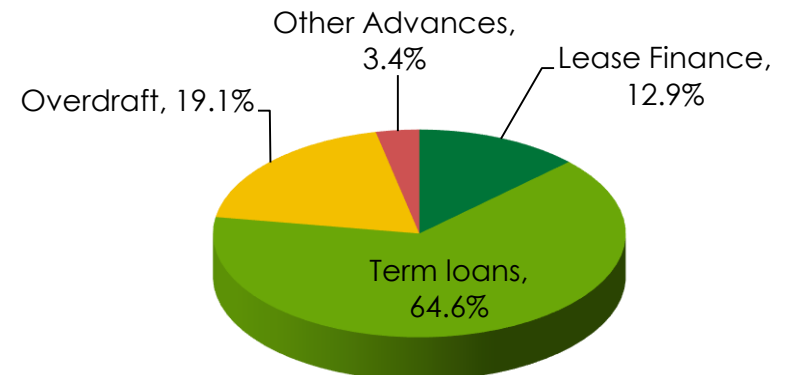
## Net Loans and Advances to Customers



## Total Loans by Type – Sep 2014



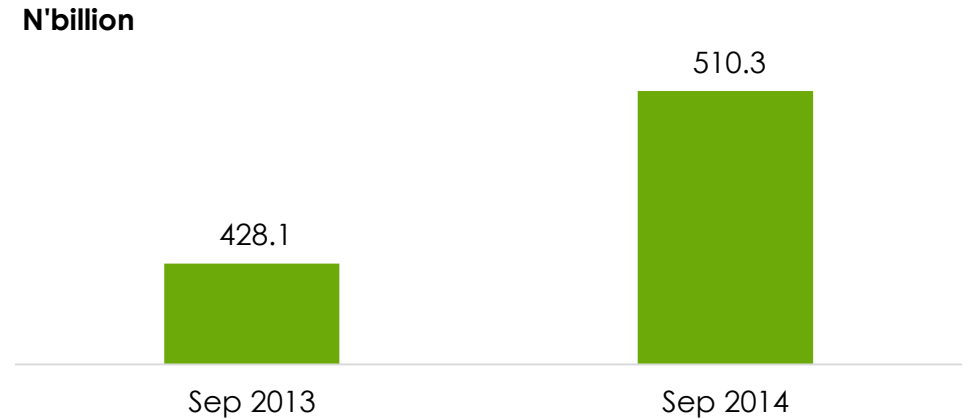
## Total Loans by Type – Sep 2013



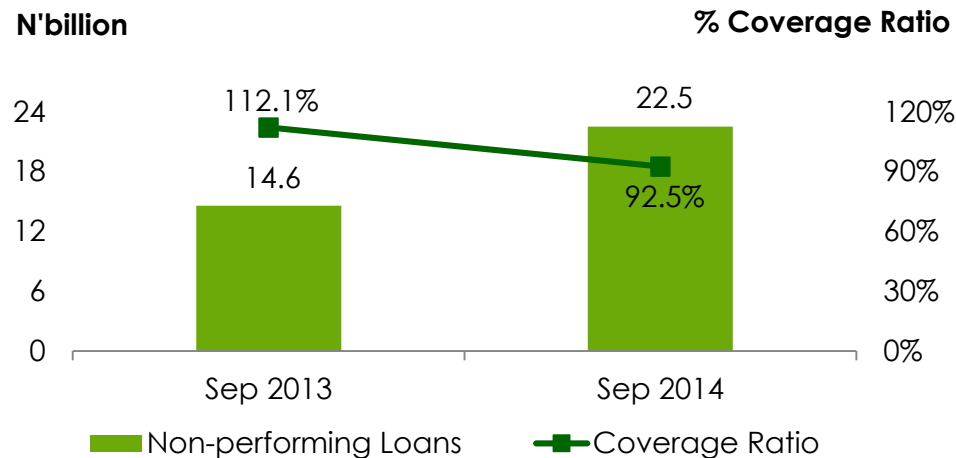
# Improving Loan Quality

- ▶ NPL ratio has been kept below the CBN minimum requirement of 5.0% since Dec 2012, on account of improved loan quality and monitoring system.
- ▶ Increased NPL was caused by newly classified loans in the Manufacturing, Telecoms and General Commerce Sector.
- ▶ Adequate provision made on classified risk assets with a coverage ratio of 92.5%. We are closely monitoring historical NPL sectors and new risk assets growth sectors.

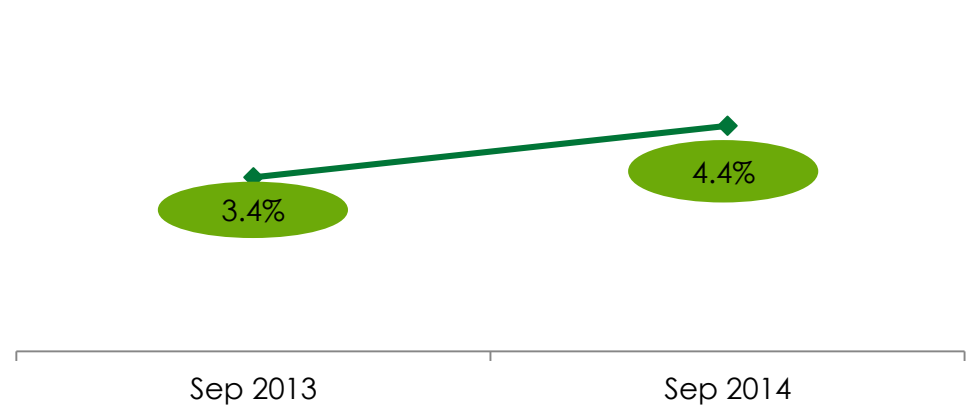
## Gross Loans & Advances



## NPL Coverage Ratio



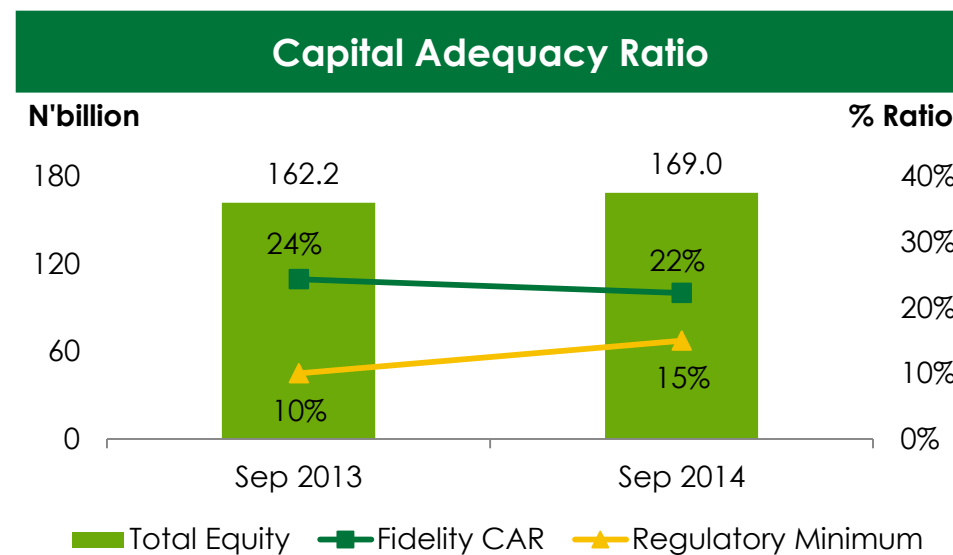
## Non-performing Loans



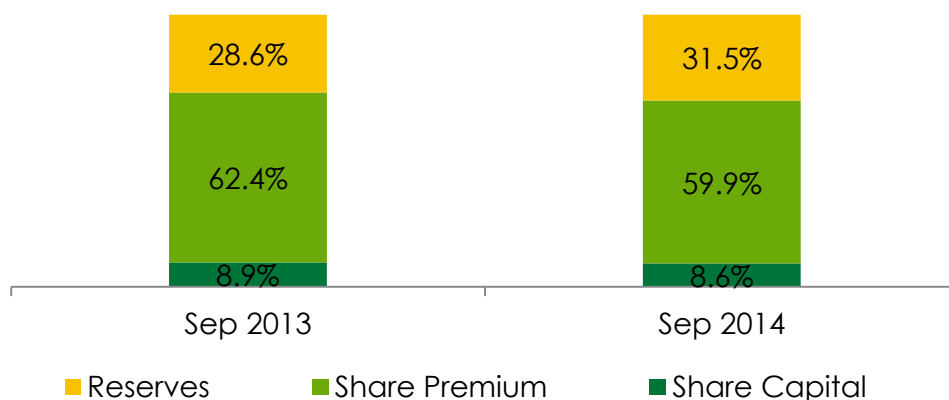
# Capital Adequacy



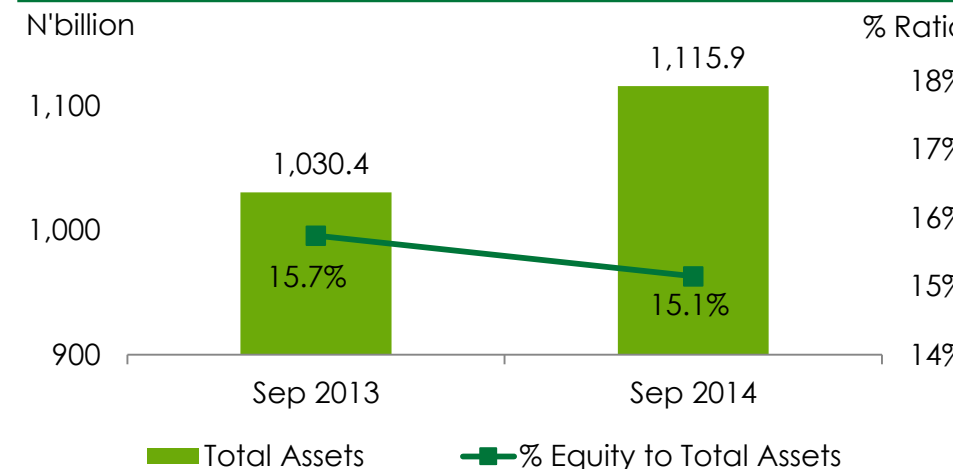
- ▶ Fidelity is well capitalized and has maintained a strong Capital Adequacy Ratio (CAR) above regulatory minimum.
- ▶ Basel I and Basel II CAR stood at 26.5% and 22.3% respectively as at Sep 30, 2014.
- ▶ The current capital adequacy ratio is adequate to support business risks and short to medium term growth objectives of the bank.



### Composition of Equity



### Equity to Total Assets

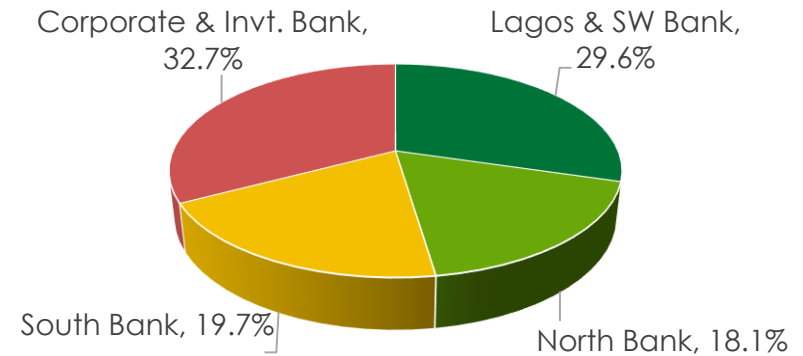


# Business Segment Analysis

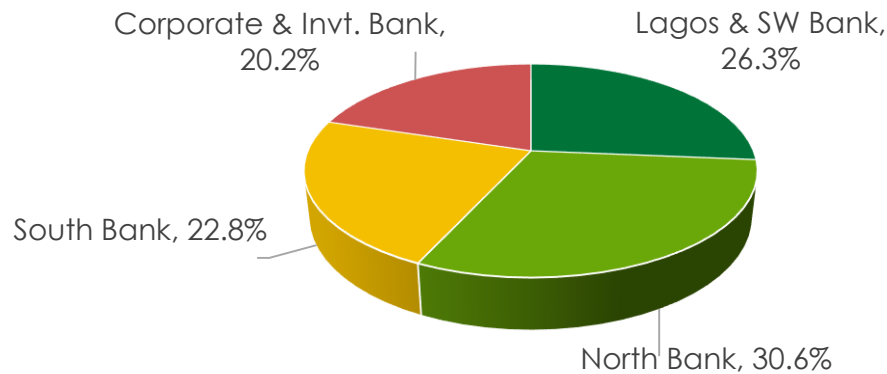


- ▶ Corporate & Investment Bank accounts for 74.6% of the loans and advances due to the significant loan growth in Q3, 2014 which explains its 32.7% contribution to total revenue.
- ▶ Telecoms, construction, oil & gas and power constitute the bulk of lending activities, and contribute 77.5% of Corporate & Investment Bank's total loan book.
- ▶ Revenue and funding contributions to the bank by each SBU highlights the need for the recent re-alignment in our business structure

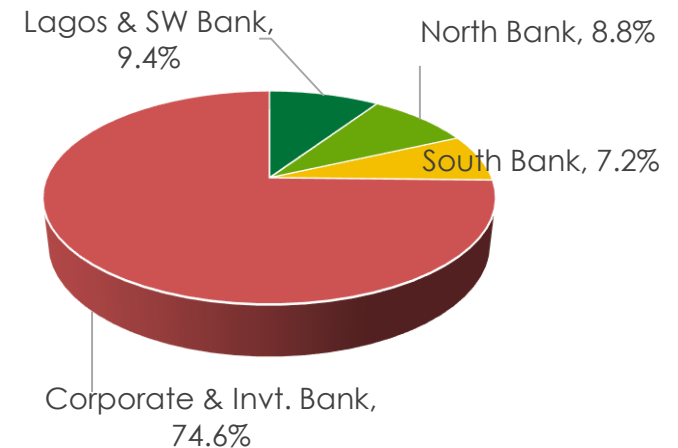
## Total Revenue



## Customer Deposits



## Loans & Advances to Customers



# Outline

- 1 Fidelity Overview
- 2 Nigerian Economy Overview
- 3 Financial Highlights
- 4 Financial Review
- 5 Strategic Initiatives Update

# Exposure to Upstream Oil & Gas Sector



Recent volatility in crude oil prices has elicited reactions both in the local and international economy. This slide sets to provide insights into Fidelity Bank's exposure to the oil and gas upstream sector.

Sub Sector	Balance (\$'m)	% Share
Exploration & Production	458.8	84.1%
Oil Service	87.0	15.9%
<b>Total</b>	<b>545.8</b>	<b>100.0%</b>

- At N163.6/\$USD, the portfolio size amounts to N89.3billion, about 17.5% of the total loan book
- Portfolio is skewed towards FCY with dollar loans accounting for 96.2% (i.e.. \$525.1m or ₦85.9bn) whilst the naira represents 3.8% (₦3.4bn).
- Loans are granted for acquisition and development of producing oil fields

## Major Concerns

- ❑ Impact of FX rate volatility on risk assets exposure to the sector
- ❑ Risk of potential currency devaluation
- ❑ Impact of falling crude oil prices on the bank's risk assets exposure
- ❑ Unstable crude oil production

## Fidelity loan creation guidance / mitigations

- ❑ Loans created in line with the banks approved risk acceptance criteria and guidance
- ❑ Credits granted to oil companies with existing production
- ❑ 96.2% of loans and their repayment sources in foreign currency reduces exposure to FX risk
- ❑ Conservative average oil price deck at \$72.48 bbl with breakeven price at \$52.45 (assuming production projections are met).
- ❑ All E & P Loans subjected to six months reappraisal focused on repayment capacity arising from changes in oil prices, production levels and projected expenditure.
- ❑ Hedge against low oil price and production is mandatory etc.

## Update on Strategic Initiatives

- ❑ Retail banking business is beginning to show some financial traction; initial signs on the deposit and asset book are encouraging.
- ❑ We launched our Instant Salary Advance Scheme (ISAS), a product designed to meet the urgent financial needs of customers in a given month with repayment being on the next pay day
- ❑ We commenced a savings promo christened “Save 4 Scholarship” in July 2014. The promo is the first in our industry to provide scholarship packages and gift items to support the educational aspirations of loyal customers
- ❑ We continue to see increased activity in the SME tailored financing scheme, our commercial support product has continued to grow rapidly with about 2,000 active customers by the end of September 2014. An innovative online platform is being designed to sustain patronage and guarantee customer loyalty.
- ❑ We have concluded the turnaround of our Visa Credit Card business which reduced the delinquency ratio from over 23% to less than 0.1% by automating the minimum balance payment and aggressive recovery of overage balances
- ❑ Proprietary CRM and customized online banking platform to be deployed by the end of this quarter
- ❑ Information technology process review and gap assessment is ongoing to leverage technology as a key driver of our future business growth

# Revised Growth Expectations



<b>GROWTH EXPECTATIONS ON KEY INDICATORS</b>			
<b>S/N</b>	<b>INDEX</b>	<b>2014 TARGET</b>	<b>RATIONALE</b>
1	<b>Net Interest Margin</b>	6%	Based on low cost deposits and earning assets growth expectations
2	<b>Tax Rate</b>	10% to 15%	Based on the impact of amended tax rebates on Govt. Securities and tax credits on syndicated loans
3	<b>Loan Growth</b>	15%	Principally from existing, new and upcoming growth sectors in the SME and corporate banking business segment e.g. Power, Agriculture, Oil & Gas, Production expansion, etc and the corresponding value chain
4	<b>Deposit Growth</b>	5%	The expectation of increased traction in the retail banking business and improved collections from the Corporate banking segment
5	<b>Cost - Income Ratio</b>	70% band	Expected to be contained within the band as growth in income lines are expected to outstrip increases in operating costs.
6	<b>Proposed Dividends</b>	30-50% (of PAT) band	Based on PAT growth trajectory and subject to Shareholders' and regulatory ratification
7	<b>NPL Ratio</b>	4.0%	Expected loan growth, remedial actions and strengthened lending conditions.
8	<b>ROE</b>	10%	Expected PBT and a reduction in the 2014FY effective tax rate.



**Thank You**